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BUSINESS
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The nation's most active state RV-trade associations, along with a Canadian group, have decided to combine forces in a "loose confederation" that will share information on day-to-day operations, promotions, membership and trade shows.

A spokesman for the as-yet-nameless federation added that it will also serve as a legislative "strike force" monitoring industry-related legislation throughout the United States.

At the new organization's inaugural meeting Sept. 28 in New Orleans during the RVDA convention, state trade associations from Texas, Florida, Indiana, Pennsylvania, Michigan and West Virginia—as well as the 450-member RVDA of Canada—expressed an intent to join the federation.

Together, these groups represent more than 2,600 RV manufacturers, suppliers, distributors, campground operators and dealers in the United States and Canada. Sources indicated that other state groups are expected to join the federation, which will meet again in December in Louisville.

A spokesman for the new federation added that the new alliance intends to try to generate more activity among inactive states.

Earl Manning, executive vice president of RVDA of Canada, who was among those attending the group's meeting in New Orleans, said he considers the new alliance "a definite step forward for the international aspect of the industry."

Leff Moore, executive director of the 14-month-old West Virginia Recreational Vehicle Association, added that he viewed the rather informal coalition as "a strong resource" for his fledgling organization. "Any time I can sit down with a counterpart from another state and share ideas and pick his brain—and give back the value of what I've learned here in West Virginia—I will," said Moore.

"We can help each other," agreed Jim Moore, executive vice president of the Pennsylvania RV & Camping Association (PRVCA). "We all have similar problems, and when you get a chance to hear others' experiences, it gives you a better perspective."

"I think the bottom line is that we are all are trying to cooperate and, in the end, make the RV industry stronger," noted Terry Varvil, executive director of the Florida RV Trade Association (FRVTA).

Meanwhile, some sources are interpreting the establishment of the federation, given its national promotion and legislative goals, as a repudiation of recent RVDA efforts to push co-membership programs with the major state associations.

PRVCA's Moore stressed, however, that the emergence of the new group "had nothing to do with" RVDA's campaign for state co-memberships. FRVTA's Varvil added that the new group intends to work closely with national RV trade groups, including RVDA, although it does not plan to align itself with any umbrella association. By the same

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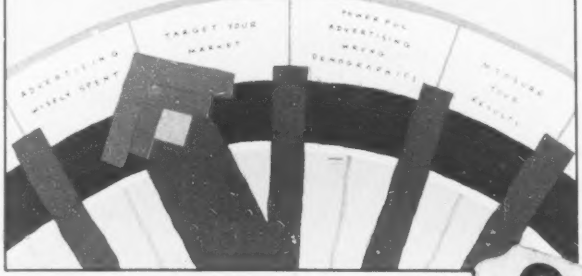
WHAT IS AN AD WORTH?



Advertising experts and dealers suggest differe[illegible] niques for evaluating whether ad dollars are deliv[illegible] sales. See page 16.

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Chrysler Plans 'C' Chassis; Studies Market

Chrysler Corp., Detroit, Mich., is "looking at" offering a Class C cutaway-van chassis to the RV market, confirmed a Chrysler spokesman.

"We have everything put together to do it," said Jim Lynch, Chrysler manager of special vehicles, "but we're watching the market situation."

Lynch declined to comment further on industry rumors that the automaker was preparing to re-enter the RV-chassis business with both a Class C chassis and a Class A chassis with a big-block engine. Δ—*Sherman Goldenberg*

RVIA Survey: 51% Say Stay In Louisville

Of manufacturers responding to RVIA's recent survey about possible changes in timing and location of the annual National RV Trade Show, traditionally held in Louisville, Ky., 51% opted to stay in Louisville, but 49% suggested moving the show to Houston.

Other preliminary findings of the survey are still being reviewed, according to Mary Hutya, RVIA vice president of meetings and shows. The survey was sent to about 10,000 RV-related companies nationally, and some 59% of those contacted replied, she said.

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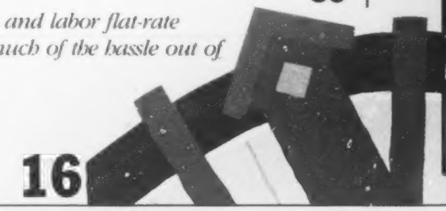

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PHOTO: CAUFIELD & SHOOK COLLECTION, UNIVERSITY OF LOUISVILLE PHOTOGRAPHIC ARCHIVES

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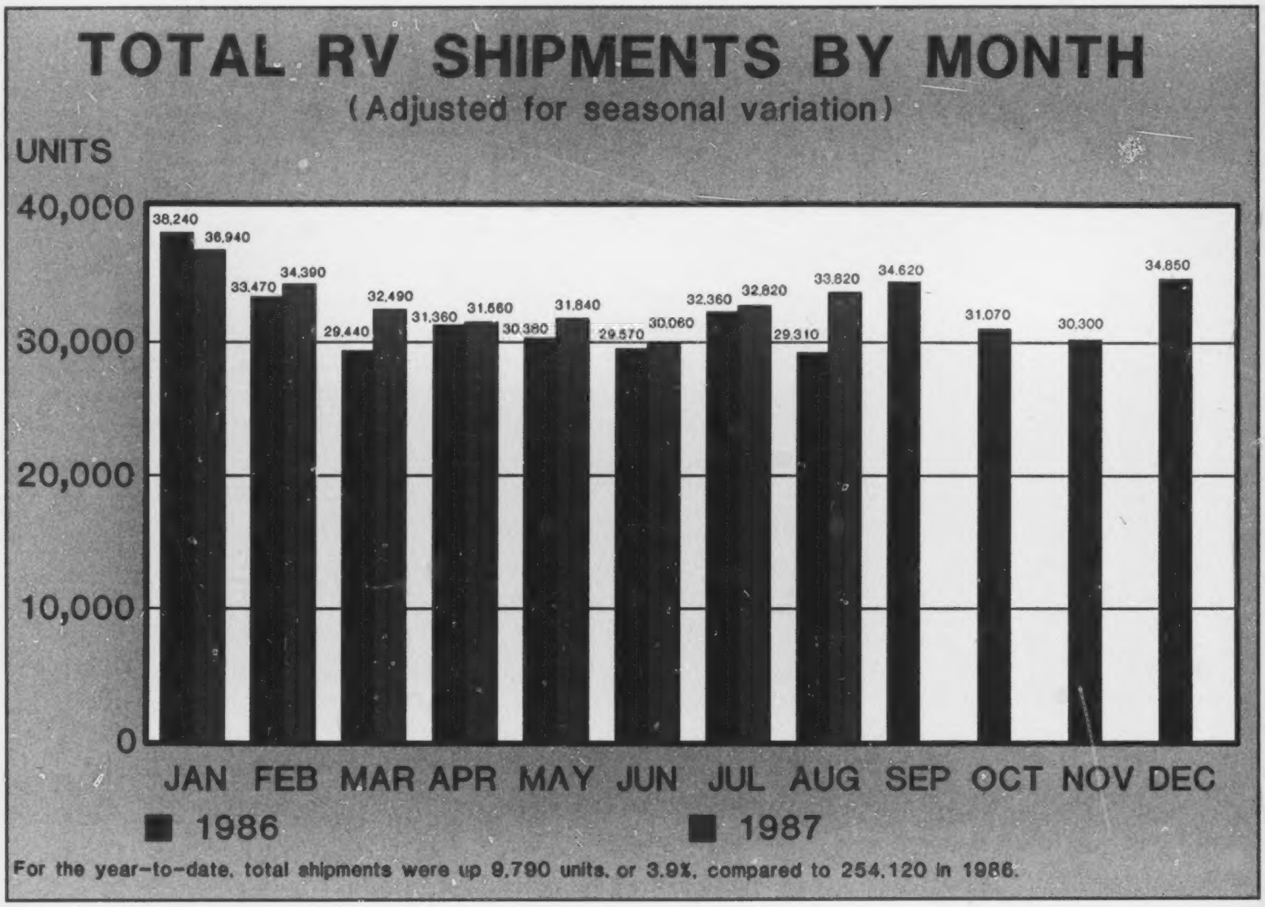
COVER ILLUSTRATION: RHONDA VOO

SUMMER SHIPMENTS FINISH WITH STRONG SIGNS OF PROGRESS

MORTON J. MARCUS

Figure 1


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were up 9,790 units, or 3.9%, compared to 254,120 in 1986.

August is frequently a month of fatigue. It is often that dreadful month of sweltering heat, parched earth and excessive family togetherness. Yet for the RV industry, August 1987 will be remembered as a month of sweet progress.

August's Glad Tidings

August shipment data from RVIA, when adjusted for seasonal patterns, showed continued strength in the industry. Three points were readily obvious, as shown in the numbers of Figure 1:

- Shipments for August 1987 were higher than for July by 1,000 units or 3%.
- Shipments for August 1987 were up 15.4% from the August 1986 level, an improvement of more than 4,500 units.
- For the seventh consecutive month, shipments were up from the corresponding month of a year ago.

All three points indicated a strong performance for the year. At that rate, we can expect total shipments in 1987 to exceed those of 1986 by nearly 15,000 units. Last year, August was the worst month, with a low of 29,310 units shipped. By August of 1987, no month had slipped below 30,000 units, and this August was the third-best monthly tally of the year.

Van Conversions Weak

Van conversions continued to slip in August. In five of the first eight months of this year, vans have been below the same month of a year earlier. Total vans shipped were running nearly 4,600 units below the total for the year-to-date in August of 1986. (See Figure 2.)

A year ago at this time, vans represented 49.7% of the market (see Figure 3), but, by August 1987, they were down to 46.1% and falling. They were the major statistical drag on the total RV picture; if vans were excluded, total shipments were up not just 3.9% but a full 11.2%. -

Figure 2

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	AUGUST 1987	PERCENT CHANGE FROM JULY	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Travel Trailers:					
Conventional	4,910	2.1	39,510	36,290	8.9
Park Models	790	19.4	4,500	5,410	-16.9
Fifth-wheels	2,400	8.1	17,230	15,000	14.9
Folding Camping Trailers	3,660	-5.7	26,760	23,670	13.0
Truck Campers	870	36.0	6,520	4,730	38.0
Motorhomes:					
Class A	3,680	-2.3	25,730	21,150	21.7
Class B Van Campers	1,250	145.6	4,620	3,890	18.7
Class C:					
-Minis	1,920	11.9	13,370	12,380	8.0
-Low Profile	200	68.7	1,460	2,320	-37.0
-Micro-minis	170	-41.8	2,540	3,040	-16.5
Multi-use Van Conversions	14,020	-1.1	[illegible]	[illegible]	[illegible]

Detail may not add to total because of rounding.

Figure 3

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

TYPE	1987	1986
TOTAL RVS	100.0	100.0
Nonmotorized Units:		
Conventional	15.0	14.3
Park Models	1.7	2.1
Fifth-wheels	6.5	5.9
Folding Camping Trailers	10.1	9.3
Truck Campers	2.5	1.9
Motorhomes:		
Class A	9.7	8.3
Class B Van Campers	1.8	1.5
Class C:		
Mini	5.1	4.9
Low Profile	.6	.9
Micro-mini	1.0	1.2
Multi-use Van Conversions	46.1	49.7

Detail may not add to total because of rounding.

Figure 4

COMPARISON OF TOTAL SHIPMENTS

(Adjusted for seasonal variation)

MONTHS	DIFFERENCE BETWEEN 1987 AND 1986 BY MONTH		DIFFERENCE BETWEEN 1987 AND 1986 FOR THE YEAR-TO-DATE	
	THOUSANDS OF UNITS	PERCENT	THOUSANDS OF UNITS	PERCENT
JAN	–1.3	–3.4	–1.3	–3.4
FEB	.9	2.7	– .4	– .5
MAR	3.1	10.4	2.7	2.6
APR	.2	.6	2.9	2.2
MAY	1.5	4.8	4.3	2.7
JUN	.5	1.7	4.8	2.5
JUL	.5	1.4	5.3	2.3
AUG	4.5	15.4	9.8	3.9

Detail may not add to total because of rounding

Robust Growth Elsewhere

The robust health of the rest of the market was seen in many areas. Class A and B motorhomes were up by 21.7% and 18.7%, respectively. Truck campers continued to outperform their pace of last year by 38%. Fifth-wheels were up by more than 2,200 units, or nearly 15%. Both conventional and folding camping trailers were up by more than 3,000 units each.

However, the startling advance made by the low-volume Class B motorhomes, a monthly increase of 145%, should be read most carefully. The unadjusted data from RVIA showed a 40% increase—from 500 to 700 units—but, because August is normally the slowest month in the year for the shipment of Class B units, the seasonal ajustment factor swamped the original numbers and gave us what may be a false signal.

In contrast, low-profile and micro-mini Class - C motorhomes continued to move in an opposite direction from the industry and from the minimotorhomes of the same class in August. Park-model units also were failing to keep pace with the industry's advances.

Shifting Market Shares

As a group, all towables had 35.7% of the total market by August, compared with an even third of the market at the same point last year.

Meanwhile, through August, motorhomes had garnered 18.1% of the market compared with 16.8% a year ago.

These gains in market share, as indicated above, were at the expense of van conversions, which have lost 3.6 points in market share.

Better Times Ahead?

In summary, the industry looked better by the end of August than it had at any time earlier this year. The strong performances by many vehicle types for the month pushed total shipments to their highest gain over the preceding year.

We will await the September numbers with considerable positive anticipation for confirmation of these glad tidings. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

GRAPHICS: CUSTOM COLOR VISUALS

DAB PERSPECTIVE

AUGUST SALES REFLECT UPSWING

GAYLORD MAXWELL

Overall, August was a pretty good month for RV dealers on our Dealer Advisory Board (DAB), which suggests that retailers generally are continuing to enjoy a year that is slightly better than last. Sales volume was up well above the previous August's tally. There was a bit of slippage in new-unit sales of motorhomes and camping trailers compared to last August, but the declines were small. Both travel trailers and fifth-wheels were ahead for the month, and truck campers scored the same as in August of last year.

Year-to-date, the picture continued to be bright. In new units, all types were ahead, and only one used-unit category (camping trailers) was negative. Overall, in terms of both units and dollars, everything was on the plus side.

Profit ratings in August showed that grosses had begun their normal autumn drop, when dealers are willing to take less because customers have become scarcer and winter looms ahead. New-unit profits were most often rated in the fair column, closely followed by good ratings. Used-unit profits were better, with most ratings good, and some excellent.

Inventories appeared to be in good shape, with most dealers calling them average. However, nearly 20% of the DAB dealers indicated that their inventories were low. Lot traffic was rated low to average.

Motorhomes

Some of the larger DAB members took it on the chin in new-unit sales in August—enough to bring down the average to a negative figure. However, the year-to-date increase was still quite good.

Used-unit sales fared better for the month and maintained a level close to the increase for the year-to-date. It should be noted that, for the year-to-date, only one more new unit was sold compared to used-unit totals—a very strong indication of the increasing importance of used sales.

Profits on new motorhome sales were generally rated as good.

Travel Trailers

Most trailer dealers on the DAB had a better August this year than last—nothing spectacular, but sales were up. In fact, new-unit sales for both the month and the year-to-date have been up enough this year to suggest that interest in that RV type is regaining popularity. As with motorhomes, new-unit sales were almost matched by used—generally an indication of many entry-level buyers.

New-unit profits weakened somewhat from the previous months but remained very respectable, with most dealers putting them in the good and fair columns. No one rated them as poor.

Truck Campers

Sales of new units during this August exactly matched those of last year. Year-to-date, the 12% increase was the highest for any category and must be interpreted as a renewed interest by the public in that RV type. Used units were also moving well in August.

New-unit profits were rated as excellent by the two major camper dealers on the DAB.

Camping Trailers

Although this category fell slightly in new-unit sales from the previous August, the year-to-date figure was still slightly ahead of 1986. Used units moved well during the month but were behind for the year-to-date.

Two members of the DAB had new-unit sales of this type approaching the 300 mark—sales of 300 for each, that is. One is a fold-down specialist, but the other DAB member sells all RV types and is particularly strong in motorhomes.

Profits, as might be expected with this type, were rated to be only fair.

Fifth-wheels

Sales of fivers appeared to be picking up for both new and used units. Although the sales figures weren't nearly as large as they were for some other types, they were growing. Used sales have been particularly strong this year, perhaps an indication that more retirees (the most frequent buyer) are trying out the RV lifestyle before they jump in with both feet.

Profits were reported to be quite mixed, ranging from excellent to fair. Δ

	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	AUG. 1987	AUG. 1986	% CHANGE	1987	1986	% CHANGE	AUG. 1987	AUG. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	130	136	–4	1,088	993	+10	111	124	– 10	1,087	1,034	+ 5
TRAVEL TRAILERS	115	108	+6	942	881	+ 7	115	102	+ 13	849	847	< 1
TRUCK CAMPERS	17	17	0	174	156	+12	17	11	+ 55	97	88	+10
CAMPING TRAILERS	85	88	−3	990	969	+ 2	40	31	+ 29	293	304	– 4
FIFTH-WHEELS	30	28	+7	220	211	+ 4	22	10	+120	147	112	+31

	AUGUST 1987	AUGUST 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$11,144,713	$10,422,735	+ 7	$95,622,000	$86,871,940	+10
TOTAL UNIT SALES	682	655	+ 4	5,887	5,595	+ 5
NEW-UNIT SALES	377	377	0	3,414	3,210	+ 6
USED-UNIT SALES	305	278	+10	2,473	2,385	+ 4

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenkard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sissmore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Fran Van Pelt,** Aurora, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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RV Industry Shares in Wall Street's Woes

As a market sector especially sensitive to the psychological outlook of the American consumer, the recreational vehicle industry can only view the recent stock-market plunge as bad news. Just how badly the American consumer's confidence has been bruised, however, remains to be seen.

Wall Street analysts pointed out that the performance of RV stocks, prior to the recent market turmoil, was "mediocre at best." Yet, starting Oct. 16, the New York Stock Exchange gave RV stocks a real roller-coaster ride.

Seven of the eight RV-related stocks tracked had set 52-week lows by presstime on Oct. 26. The prices of those eight stocks, all but one of which (Vyquest Inc. on AMEX) is listed on the New York Stock Exchange, had dropped an average of 34% between closing on Oct. 15 and the end of trading on Monday, Oct. 26.

Registering the weakest performance of the eight was Thor Industries Inc., Jackson Center, Ohio, which recently announced record sales and earnings for its fiscal year. Thor watched its stock dip 39.3%, falling from 22¼ to 13½ points, between Oct. 15 and 26.

Harley-Davidson Inc. stock, a popular investment since Harley purchased Holiday Rambler Corp., Wakarusa, Ind., last year, fell 38.8% during that time. Not far behind was Vyquest Inc.,

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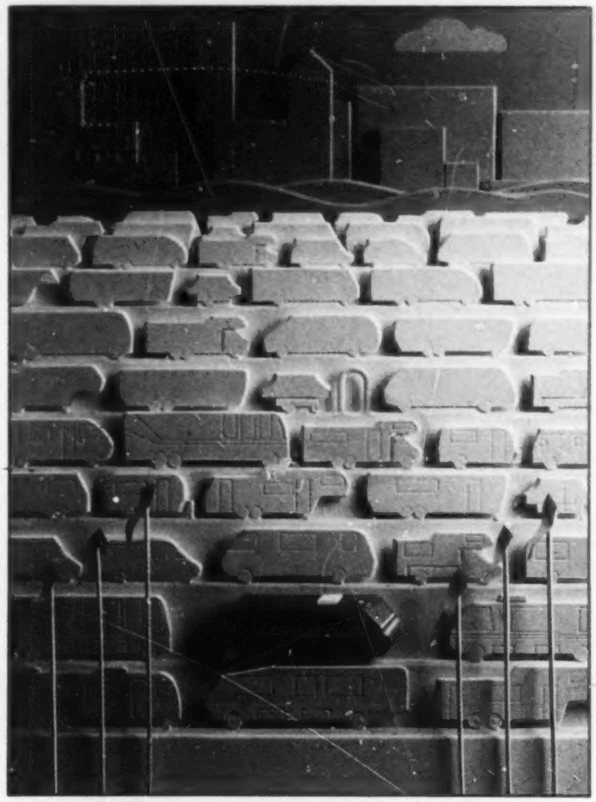

STANDING OUT AT A SHOW: Exhibitors at the 25th Annual National RV Trade Show in Louisville share some of their display strategies for making a stand-out impression. See page 32.

RV Interest Deduction May Be Axed

Congress had given a split decision at presstime on whether or not RVs would be allowed to maintain their status as second homes with deductible interest payments. The fate of deductibility awaited the outcome of an "economic summit" convened by President Reagan and Congress in the wake of Wall Street's panic.

The House Ways and Means Committee voted on Oct. 15 to eliminate the interest deduction for RVs and boats from a $12 billion tax package subsequently passed. Proponents argued that the government could earn as much as $50 million in extra revenue a year by dropping the deduction. But, on Oct. 16, the Senate Finance Committee voted to retain the deduction in its tax package.

However, according to Derrick Crandall, president of the American Recreation Coalition,

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Holiday of Orlando Goes Public, Sells 2.3 Million Shares

Despite the uncertainty of a careening stock market, Holiday RV Superstores Inc., Orlando, Fla., formerly known as Holiday of Orlando Inc., successfully launched an initial 2.3 million-share public stock offering on Oct. 27.

The 10-year-old company, which operates RV dealerships and an RV-leasing business in Orlando and Tampa, Fla., thus apparently has become the first RV dealership that is also *marketed* as a dealership to be listed on any U.S. stock exchange.

The stock issuance was actually oversubscribed; some 3,000 small investors, many of them current customers, purchased 2 million shares—plus an extra allotment of 300,000 shares—in a matter of hours, according to sources close to the stock offering.

At the initial offering price of $2.25 per share—and after deducting costs of the underwriter, Thomas James Associates Inc., Rochester, N.Y.—the stock-sale proceeds should total $4.4 million, said sources. Holiday RV Superstores, which has posted in excess of $20 million in annual revenues, has said it intends to use a substantial portion of the proceeds of the offering to start additional dealerships in Florida and Georgia.

Company co-founder Newton C. Kindlund, 47, president and chairman, and his 38-year-old wife, Joanne M. Kindlund—who is also vice president, secretary

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PAPER SCULPTURE: ROBERT LAMARCHE COVER PHOTO: HOWARD GOLDSTEIN

SEPTEMBER SALES DISAPPOINT DEALERS

GAYLORD MAXWELL

September was not one of this year's better months for retail sales. For the first time in a very long time, the dollars taken in for the month by members of the Dealer Advisory Board (DAB) were fewer than those of the corresponding month last year. Almost half of members' dollar sales were down.

New-unit sales slid several percentage points; three of the five types were down. Profits, too, suffered some but were still rated as generally fair to good.

Although the monthly averages were down several points, the year-to-date picture was still bright. Only three members of the DAB were down in dollars for the year-to-date. (One closed a second lot at the beginning of this year, and the other two were off only slightly.) The totals were still up for both new and used units. Used sales remained exceptionally strong, and profits were equally robust.

The service and accessory business was good in September. Most members of the DAB rated sales in that category as being excellent to good. Gross profits were said to be fair to good, as were nets. Only one dealer reported that his monthly net was poor, and three said theirs were excellent.

Inventories seemed to be in good shape for most dealers, although a few members of the DAB rated their new stock on the high side. In used units, it seemed that shortages were more common than overages.

Although it was not a month for most dealers to crow about, neither was there widespread lamentation. Most dealers realize that there will be some ups and downs, and they are now more prepared to cope with the bumps than they used to be.

Motorhomes

New motorhomes managed to stay in the plus column for the month. With the exception of a couple of large dealers who had substantial drops, most dealers had figures fairly close to those of last year. Year-to-date, this category had the highest percentage increase of any RV type.

Profits were generally rated fair to good, but there were a few excellent marks.

Travel Trailers

During September, new units moved much more slowly this year than last. The 21% drop was the steepest we've seen in that category in a long time. Even used sales were off. However, it wasn't an across-the-board type of decline. The DAB was about evenly split between those who were up and those who were down. But, those in the down category had more substantial decreases.

Year-to-date, the gap between the sales total of last year and that of this year was rapidly closing.

Even though sales were down, grosses were still rated as good.

Truck Campers

Both new- and used-camper sales were almost identical to those of last September, with a variation of only one in each category. Year-to-date, both categories were in the plus column. Profits for the month were reported to be excellent.

Camping Trailers

The drop of 10 units by one fold-down specialist on the DAB was enough to put this category slightly behind for not only the month but for the year-to-date. Otherwise, most dealers who stock this type reported figures almost identical to those of last September.

Quite surprisingly, although profits were predictably weak for several dealers of this type, others rated them as excellent.

Fifth-wheels

In terms of percentages, this RV type took the hardest beating in September, according to our DAB. New-unit sales dropped into the minus category for the year-to-date. However, although used sales were weak for the month, they were very definitely quite strong in the overall picture.

Fifth-wheel profits were very mixed, with ratings ranging all the way from excellent to poor. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	130	127	+ 2	1,218	1,120	+ 9	121	113	+ 7	1,209	1,148	+ 5
TRAVEL TRAILERS	81	103	−21	977	949	+ 3	89	98	− 9	884	875	+ 1
TRUCK CAMPERS	17	16	+ 6	188	174	+ 8	9	10	−10	106	96	+10
CAMPING TRAILERS	55	65	−15	962	969	− 1	27	14	+93	308	304	+ 1
FIFTH-WHEELS	19	26	−27	230	235	− 2	11	16	−31	156	120	+30

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$10,419,979	$10,766,535	− 3	$105,415,049	$96,633,078	+ 9
TOTAL UNIT SALES	559	588	− 5	6,238	5,790	+ 8
NEW-UNIT SALES	302	337	−10	3,575	3,447	+ 4
USED-UNIT SALES	257	251	+ 2	2,663	2,343	+14

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dawson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pfiler,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Fran Van Pelt,** Aurora, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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Ready 'ith sis

rp., Detroit, nfident that it lass C motorhome chassis in the 1988 model year and has already made the necessary investments in plant and equipment to do so, according to Chrysler sources.

Its new Class C chassis, with 11,000- to 12,000-pound gross vehicle weight ratings (gvwr), will have slightly shorter wheelbases than those offered by Ford Motor Co., Dearborn, Mich., which currently supplies about two-thirds of the Class C market.

According to sources, the Chrysler chassis will have 127-, 145- and 164-inch wheelbase lengths compared to the 138-, 158- and 176-inch wheelbase lengths offered by Ford. General Motors Corp. (GM), Detroit, offers 125- and 146-inch wheelbase-lengths Class C chassis. However, motorhome makers will be able to add frame extensions to the Chrysler chassis, as they already do with Ford and GM chassis, to produce units up to 26½ feet in length.

Chrysler chassis will also have different cab-to-axle lengths than Ford units but are expected to be fully competitive in all respects except for the engines, said company sources. GM and Ford offer larger 454-cid and 460-cid V-8 engines, respectively. The Chrysler units will have a standard 360-cid V-8, which will be fuel-injected for 1989 for more power and efficiency. The Chrysler chassis will also feature standard automatic transmission and front disc/rear drum brakes.

While Chrysler is set to introduce its Class C, company insiders said that there are no plans to enter the Class A chassis market. With Deere & Co.'s expanded Class A offerings and with GM's plans to introduce a 16,000-pound and a 17,000- to 18,000-pound gvwr Class A chassis, Chrysler believes the Class A motorhome market will be overly crowded, sources said. Δ

LIGHTING: A two-part section on aftermarket opportunities in RV interior lighting and the benefits of showroom and lot lighting. See page 22.

New Coaches Highlight '87 Dodger Show

The nation's RV manufacturers introduced a larger-than-usual array of new motorhomes at RVIA's 35th Annual RV Show at Dodger Stadium in Los Angeles, Nov. 3-15.

The 1988 motorized lineup at the 10-acre Dodger Show was noteworthy not only for its diversity—extending from a new low-profile Class A to bus-style coaches—but also for the styling and design advancements exhibited by a number of production-line companies.

In particular, Sunrader Inc., Elkhart, Ind.; Coachmen Industries Inc., Elkhart, Ind.; Champion Motor Coach Inc., Dryden, Mich.; and Fleetwood Enterprises Inc., Riverside, Calif., exhibited sophisticated new units whose sleek, seamless automotive exteriors and tastefully conservative interiors may set the tone for the 1990s, according to some observers.

The talk of the show was the new downsized, 23-foot-long, 135-inch-wheelbase Amera Cruiser from Gardner-Pacific Corp., Vallejo, Calif., and its manufacturing licensee Sunrader Inc., Elkhart, Ind. The low-profile Amera Cruiser utilizes a chassis built by Vironex Inc., Canyon Country, Calif., from fully warranteed Chrysler and Dana components, making it the first motorhome equipped with a Chrysler-warranteed chassis in more than seven years.

The Amera Cruiser is a hybrid unit with a 10,500-pound gross vehicle weight rating (gvwr). It is equipped with a Chrysler 360-cid V-8 engine mated to a three-speed automatic transmission. It has 16-inch tires and an interior floor only 20 inches off the ground—so low that an entry step is not required. It measures 7 feet 11 inches in exterior height and offers 6 feet 3 inches of interior headroom. The unit is rated to log an average of about 14 miles per gallon.

The Amera Cruiser's exterior features a wide, vinyl band beneath large windows, wraparound bumpers and the same

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COVER PHOTO: HOWARD GOLDSTEIN

BLUE CHIP CONSENSUS

’88 Economic-Growth Forecast Declines Sharply in November

The growth forecast for next year took the biggest “month-from-prior-month” dive in November in our 11-year history—sliding nearly a full percentage point from 2.8% to 1.9%. The popular fourth-quarter-over-fourth-quarter comparison also shows a 1.9% growth for 1988.

The sudden and drastic drop in stock prices, with its resulting high potential for undermining consumer spending, was volunteered as the key factor behind the sudden downward revision in the 1988 economic outlook. Forty-four members of the panel reduced their forecasts from last month—a record number!

The Blue Chip Consensus of 49 members expects real gross national product (GNP) for 1987 to repeat October’s forecast of 2.6%. This nearly parallels the growth-rate forecast of 2.7% in October 1986. (We use October of the prior year as the month to measure accuracy.)

CPI Forecast

The Consumer Price Index (CPI) forecast for all urban consumers remained at 3.8% for 1987—level with that of a month ago but higher than the 3.2% advance projected in October 1986.

However, the rate of this popular measure of inflation was reduced to a 4.2% advance for 1988—significantly lower than the 4.6% gain that was anticipated only a month ago.

Interest Rates to Weaken

The fear that October’s drop in stock prices will undermine future consumer spending resulted in a sharp, downward revision in the Blue Chip Consensus’ short-term interest-rate forecast in November.

Three-month Treasury Bills, which were expected to average 6.6% for 1988, are now projected at 6%. New-home mortgage yields are also expected to move moderately lower.

Recession Pegged for ’89

More than half of the Blue Chip group (52%) who were willing to “stick out their necks” on this tough call still think the start of the next recession will be in early 1989. But approximately one in five sees a recession starting in the 1988 election year, and more than one in eight of those polled think it is under way right now! This is in sharp contrast to the poll in September but similar to the expectations of a year ago.

Summary

Expect a cooler economic climate next year and a moderate heating of inflation. Watch for the possible start of a recession. But don’t buy pronouncements of a looming depression! Δ—*Robert J. Eggert Sr.*

CONFERENCE BOARD

Stock Plunge Triggers Modest Dip in Consumer Confidence

The October stock-market plunge triggered only a modest dip in U.S. consumer confidence, according to a national survey of sample households.

During a survey conducted for The Conference Board between Oct. 22 and Oct. 25, in the wake of the Wall Street stock crash, the Board’s Consumer Confidence Index (1986 = 100) fell moderately to 110.4, down from 116.9 during the first weeks of October.

The survey also found that 73% of households questioned did not believe the stock market slide would lead to a recession. Even among the 27% that did foresee a recession, most believed it would be a mild one.

“The Dow Jones quake has, thus far, generated only mild aftershocks among consumers,” declared Fabian Linden, executive director of the Board’s Consumer Research Center. “While consumers are a bit more cautious than they were earlier this month, confidence is continuing at high levels. Following the oil crisis in 1973, consumer confidence fell by more than one-third… For now, the outlook for a reasonably Merry Christmas continues to be good.”

Nearly 73% of those surveyed said the falling stock market would have no effect on their plans to buy major goods; 27% said they were now “less likely” to make major purchases.

More than 59% of those surveyed did say that they were “somewhat concerned” when asked, “How concerned are you about the recent plunge in stock prices?” But 26% said that they were “not at all” concerned. Only about 15% said they were “extremely concerned.”

Overall optimism about future economic conditions dipped marginally during the survey. Consumer expectations for the next six months, which have accurately foreshadowed major economic events in the past, slid by about eight points following the market drop—a moderate decline. Δ

SURVEY OF CONSUMER SENTIMENT

Special Survey Conducted Oct. 22-25, 1987

		Oct.*	
	Sept.	Before	After
Consumer Confidence Index	115.7	116.9	110.4
Present Situation	120.5	126.1	122.1
Expectations	112.5	110.8	102.5

(Composite Series: Index Numbers, 1985 = 100)

- ***How concerned are you about the recent plunge in stock prices?***

Extremely concerned 15.0% *Somewhat concerned* 59.2% *Not at all* 25.8%

- ***Do you think the stock-market plunge will cause a recession?***

Yes 26.6% *No* 73.4%

- ***If you think it will cause a recession, do you think this recession will be mild or severe?***

Mild 14.4% *Severe* 12.2%

- ***What do you think will happen to stock prices over the next three months?***

Continue to decline	15.1%
Remain at about the same level	58.3%
Increase substantially	26.6%

- ***As a result of the plunge in stock prices, are you now less likely to make major purchases (such as a car, major appliance, furniture, etc.) in the coming months?***

Less likely to make major purchases	27.4%
Decline in stock prices will have no effect on buying plans	72.6%

* Figures in “Before” column are based on a survey conducted Oct. 1-17; those in “After” column are based on a special telephone survey conducted Oct. 22-25.

Surveys conducted by NFO Research Inc.

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ubts Micro Chassis Viability

In a blow to the hopes of the troubled micro-mini industry, engineers at Ford Motor Co., Dearborn, Mich., are now expressing serious doubts that a chassis based on the Ford Ranger minitruck can be developed into a viable chassis for micro-minimotorhomes.

Ford engineers are basing those second thoughts on the results of just-completed testing of an experimental micro-mini prototype developed jointly with Fleetwood Enterprises Inc., Riverside, Calif. The extensive testing, conducted this past summer and fall, included preformance and crash tests on the chassis utilizing a fully equipped prototype micro-mini from Fleetwood. The Ranger chassis used in the tests had been outfitted with factory dual-rear wheels and had been given a gross vehicle weight rating (gvwr) of about 6,000 pounds.

At the outset of testing, Ford engineers had thought that 6,000 pounds was the minimum acceptable gvwr for a viable micro chassis. They also felt confident that this weight rating would be sufficient. Once test results were in, however, that opinion quickly changed.

Jerry Mittman, RV/OEM sales manager for Ford, said: "It looks as if the Ranger is simply not suitable for the kind of micro-mini that the RV manufacturers are now producing. In our opinion, they are no longer producing the vehicle that the micro-mini was intended to be. Rather, what they and their customers seem to want is a cheap Class C. It's just not possible to produce that kind of vehicle on a Ranger without coming up with a chassis rating of at least 6,800 pounds. We might be able to get the chassis certified up to 6,100 or 6,200 pounds, but there are just too many fundamental design limitations to go any farther."

Mittman added that,the suggested alternative of utilizing a light cutaway van chassis, such as the discontinued E-250, "did not seem realistic." He noted, "We could perhaps produce that chassis, but it would have to be

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THE '88 OUTLOOK: *RV Business* has asked the industry players and the industry analysts to describe their expectations for 1988. In general, despite the storm clouds on Wall Street, RV makers and economists join in predicting a relatively sunny year for the industry.

Louisville Show Registers Dealer Attendance Gains

The RV industry gathered Dec. 1-4 in the friendly and familiar confines of the Kentucky Fair and Exposition Center in Louisville, Ky., for RVIA's 25th Annual RV Trade Show. It was a show, with 94 manufacturers and 242 supplier companies exhibiting, at which business generally was brisk and outlooks decidedly positive for the upcoming year.

Attendance reached 4,472 dealers, 8,752 total. That's a 17%

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RVDA Resolution Questions Current New-Model Timings

An RVDA resolution approved by its board of directors Sept. 26 is asking RV manufacturers to re-evaluate the timing of their introductions of new models.

"Some RV manufacturers have moved up the date of introduction of new models significantly, bringing out their new lines as early as late spring or early summer," RVDA's resolution noted. "This can create a severe financial burden on the dealers, and RVDA requests that manufacturers re-evaluate these decisions on timing."

The resolution added that dealers usually reduce their inventories just before new models come out, in part because

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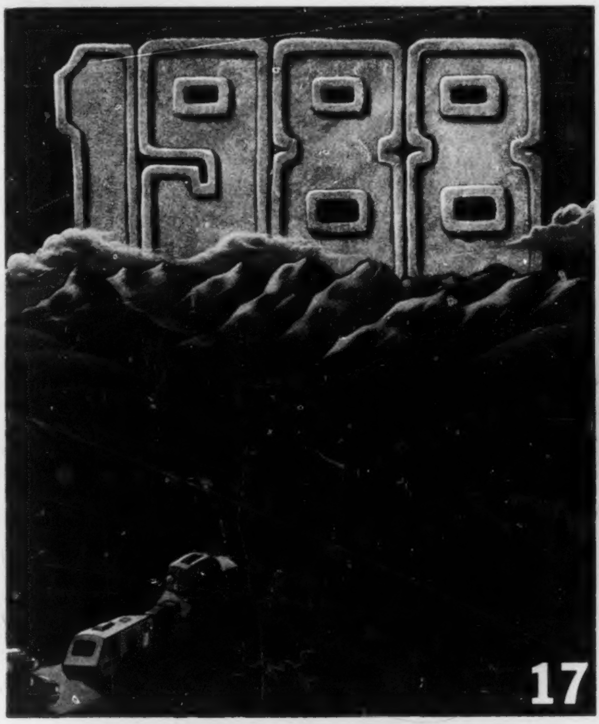

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COVER ILLUSTRATION: FRED SMITH

QUARTERLY FORECAST

THIN ICE IN '88: WILL IT HOLD?

MORTON J. MARCUS

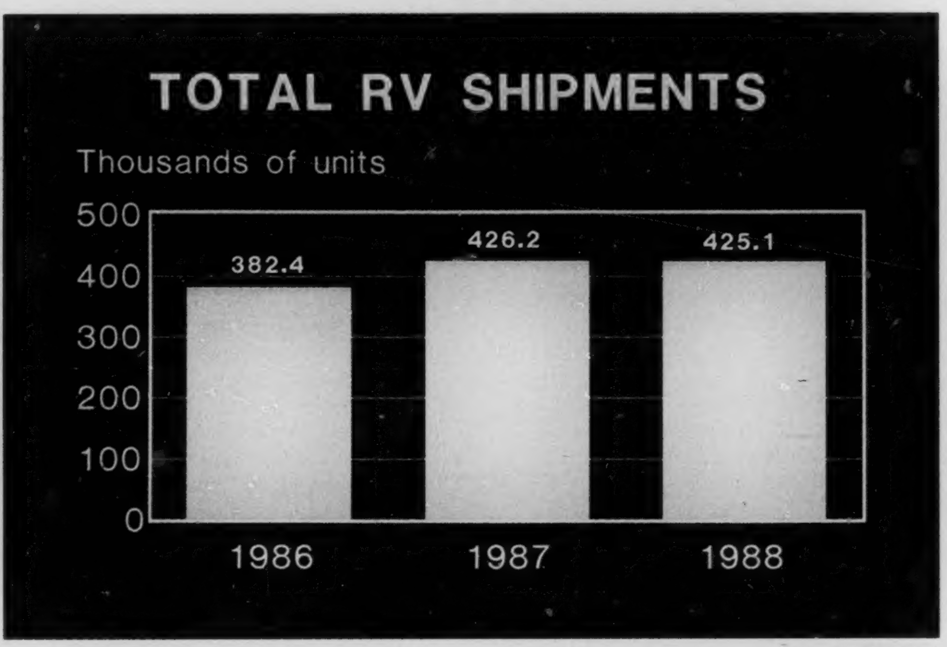

FIGURE 1

Crash! That is the word most often used by journalists and the public to describe the dramatic decline of stock prices, which took place on Oct. 19, 1987.

The October stock market has raised fears based on the specter of 1929 and the Great Depression which followed. What is not understood is that the Depression was the result of many events of which the market decline was only one. Lack of federal deposit insurance, lack of unemployment compensation and other social-welfare cushions, gross errors by the Federal Reserve System and restrictive trade bills that dried up trade all came into play. Today, we live in a different world; 1987 is not 1929.

The 1988 Outlook

For 1988, we see a strengthening economy *(see Table 1)* based on a determined effort by the Federal Reserve System to prevent a recession. This is a key assumption of our forecast for the year ahead. If the Fed permits the economy to slip, by failing to adopt an aggressive expansionary policy, an American recession will spread quickly throughout the world.

Real growth of the nation's gross national product (GNP) is expected to be down sharply in the last quarter of 1987 and then to rise throughout 1988, yielding a slightly stronger GNP growth (2.9%) in the year ahead than this year (2.7%).

One key to the improved growth of 1988 will be an increase in the growth rate of disposable personal income of American households. That increase will be based on lower tax rates arising out of the 1986 tax package. Consumer spending, particularly on durable goods, also should be stronger in 1988 than it was this year, after the initial fright of the stock market decline is weathered.

Investment by businesses and government spending should both rise slightly in 1988.

One concern everyone seems to share is the federal budget deficit *(see Table 2)*. Between 1986 and 1988, Congress will have cut the deficit by $60 billion in real, constant dollars, $100 billion in terms of nominal, current dollars. A deeper cut in the deficit would take too much spending out of the economy and could be destabilizing.

Interest Rates, the Dollar

For the next year, the Fed has the problem of walking a narrow line in its very large shoes. To keep the economy out of a recession, an expansionary monetary policy with low interest rates is indicated; to keep the dollar from falling too far, a somewhat restrictive monetary policy with higher interest rates is called for.

We are betting that the Fed will go for no recession and let the dollar decline still further. Our forecast calls for short-term interest rates (as indicated by the three-month Treasury bill rates) to bottom out in this last quarter of 1987 and then rise gradually during 1988. It will take a bit longer for other rates to follow that upward climb. The prime rate should bottom out in mid-1988. Long-term rates (as represented by AAA-rated corporate bonds) should have a moderate decline throughout the year.

Monetary policy also is likely to provide continued downward pressure on the dollar. A year from now the dollar should be worth about 10% less on international markets than it is today. The good result of this decline in the value of the dollar will be faster growth for exports than for imports. Next year, we expect exports to rise 2.5 times as rapidly as imports. This will strengthen American business and support American employment and consumer incomes.

Autos, Fuel, Prices

Our forecast is for lower total automobile sales and a smaller domestic share of the market. We expect lower sales because of the strong sales of recent years, which have put many new cars on the road and reduced the average age of the cars.

In 1986, auto imports were 28.2% of total sales; this year, they rose to 31.5%. The trend indicates a further rise in imports to 34.7% next year.

While we cannot predict what will happen in the Persian Gulf, there is little in world markets that is pushing motor-fuel prices upward *(see Table 3)*. This is good news for the RV industry.

The RV Forecast

The second quarter of 1987 was exceptional, with more than 135,000 units (seasonally adjusted) being shipped. Then manufacturers pulled back and shipped less than 92,000 units in the third quarter. This 32% decline in shipments seems to have been a wise readjustment to market conditions as interest rates rose in the summer months.

We are forecasting a modest

Table 1

Real Gross National Product
(seasonally adjusted at annual rates)

Year	Quarter	% Change
1987:	3	3.84
	4	1.84
1988:	1	2.34
	2	2.78
	3	4.12
	4	4.17

Table 2

Federal Budget Deficit
(in constant 1982 dollars)

Year	Quarter	Billions of Dollars
1987:	3	−150.90
	4	−161.60
1988:	1	−148.90
	2	−134.50
	3	−150.00
	4	−147.40

Table 3

Motor-Fuel Prices

Year	Quarter	% Change
1987:	3	17.85
	4	8.14
1988:	1	7.43
	2	5.42
	3	3.54
	4	3.85

increase (2.8%) in the fourth quarter, so that the year will end with more than 426,000 units shipped in 1987 *(see Figure 1)*.

Next year, with a falling prime rate in the first half of the year and only a modest rise in interest rates as the year progresses, with moderating increases in motor fuel prices, and with improved disposable personal income growth for consumers, we see these offsetting forces leaving total shipments virtually unchanged from 1987.

Our forecast is for 425,000 units in total for the industry in 1988. RVs are clearly a postponable purchase by wary consumers. Uncertainty in the public mind could retard sales despite good fundamentals. As the reality of no recession becomes evident, consumers should gain confidence and return in greater numbers to the showrooms and lots.

The second quarter of 1988 may be down by 24% from the high of that quarter in 1987; however, that should be offset by a 22% improvement in shipments in the fourth quarter of 1988 over the same quarter in 1987.

Different RV Paths

The pattern for the industry overall is little changed in 1988. That same year-to-year consistency is not to be found when we examine the industry in a bit more detail *(see Figure 2)*.

Total shipments should fall slightly next year because the very moderate increases in motorhomes and van conversions that are forecast for 1988 are more than offset by a decline in towables.

Nearly 60% of the growth in total shipments in 1987 was recorded by towables, which surged ahead by 25,800 units. This gave towables 37% of the total market in 1987, compared with 34% in 1986. At the same time, market share of van conversions fell from 47% in 1986 to 45% in 1987, even though that sector added more than 10,000 units to its 1986 total. Motorhomes, which advanced by nearly 8,000 units in 1987, also lost a market-share point to the towables during the year.

In 1988, towables are expected to be off by just 4,000 units from 1987, a decline of 2.5%. Despite this drop in 1988 shipments, towables will still be 16.5% ahead of 1986. This decline will be countered by a gain of 1,800 units, or 2.4%, in motorhomes. In addition, we expect van conversions to add another 1,100 units, or 0.6%, in the year ahead.

These gains are minor. The growth of motorhome shipments will be less than one-quarter of the growth experienced in 1987, while vans will have growth in volume that is less than one-tenth of the advance of 1987. Market shares will be realigned yet again to absorb the decline of the towables, but the differences are miniscule:

- Towables will drop one market-share point to 36%.
- Motorhomes will rise to a 18.4% market share.
- Van conversions will climb to a 45.4% share.

A Concluding Note

This forecast will be seen as most optimistic by those who believe that a decline in the stock market can only mean disaster for the national economy and particularly for susceptible industries like the RV industry. We acknowledge that there is some likelihood that we have misread the national mood. Few of us have seen economic events in our professional lives as dramatic as those of the past few months. None can say with certainty whether what we have observed will prove to be the undoing of the faltering economic expansion or the kick to move the nation onto a sustained path of prosperity. Δ

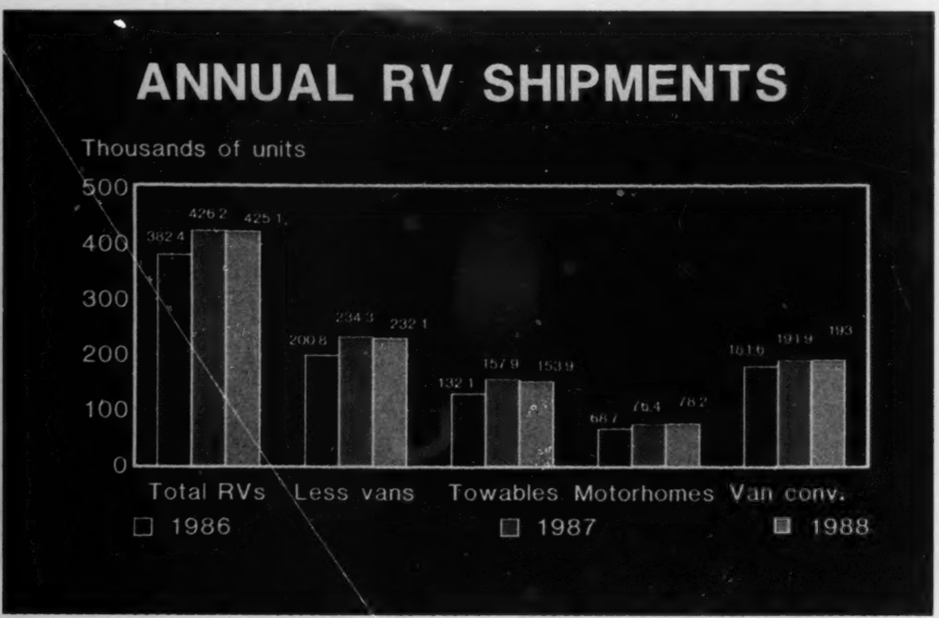

FIGURE 2

Summary:

- No recession in 1988, with real economic growth for the year to average better than 2%.
- Expansionary monetary policy will keep interest rates from rising sharply and help bring down the value of the dollar.
- Inflation will be kept below 5%.
- Total RV shipments will be only insignificantly lower than 1987.
- Towables will be the weakest in the RV market.
- Van conversions will be up slightly.
- Motorhomes will show a moderate increase in 1988. Δ

Morton J. Marcus is director of the Indiana Business Research Center in the Indiana University School of Business and Economic Consultant to TL Enterprises Inc, Agoura, Calif. This forecast is based on the "Quarterly Outlook" prepared by the Indiana Econometric Model Project, R. Jeffery Green, director. The RV forecast was produced by Lee A. Craig and Marcus.

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en Begins es Plan Through Amway

Coachmen Vans, Elkhart, Ind., has struck an agreement with Amway Corp., Ada, Mich., to market its custom van packages through the more than 600,000 national distributor network of Amway as of Jan. 1, 1988.

The program, awarded by bid to Coachmen, is a new marketing concept for van conversions that, according to Sid Johnson, vice president of sales and marketing for Coachmen Industries Inc., will not be carried over to the RV side of Coachmen's business.

"No," said Johnson, "we have given no consideration to—nor do we intend to give any sort of

continued on page 10

Chevy, Ford Project '88 Chassis Sales

The Detroit chassis suppliers are readying for slow sales of Class A chassis for model-year 1988.

Chevrolet Motors Division of General Motors Corp., Warren, Mich., is expecting to sell about 31,500 Class A chassis in the 1988 model year, off from approximately 36,000 last year, according to company sources. Chevrolet's reduced projections are mainly a reflection of increased competition from Deere & Co., Moline, Ill., and Ford Motor Co., Dearborn, Mich., said sources.

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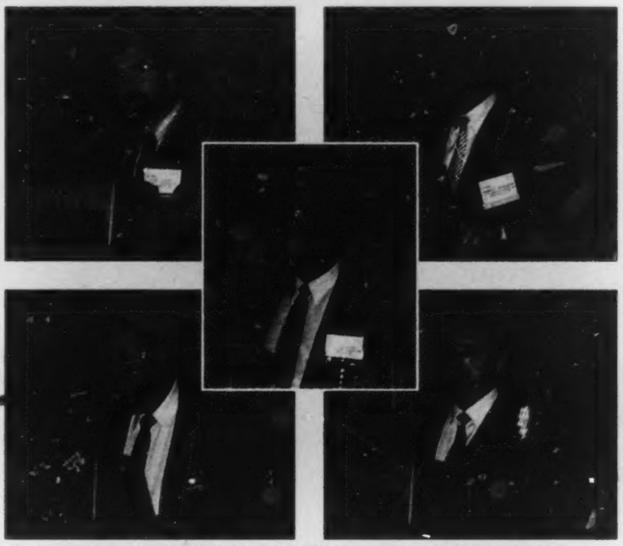

Representing the CCC in its presentation were chairman Gaylord Maxwell (center) and (clockwise from upper left) Mike Mitchell, president of Nu Wa Industries Inc.; Randall Henderson, president of Outdoor Resorts of America; Charles Miller, president of Reese Products; and Jack Moran, Rhode Island dealer and RVDA president.

Consumer Care Report Unveiled To Help Solve Industry Concerns

The long-awaited and much-discussed report by the independent Consumer Care Commission (CCC) was released to a group of RV industry executives at a joint meeting of RVDA and the RV/MH Hall of Fame banquet during last month's Louisville RV Show.

The 20-page report addressed ways in which RV-related companies can improve consumer satisfaction and, in turn, expand their marketplace. Given the "constructively critical" nature of the document, members of the CCC urged industry leaders to keep an open mind in reviewing the document in the hopes it will create the impetus for industrywide discussions of the topics raised by the CCC report.

In introducing the "Recommendations for Consumer Care" report, Commission Chairman Gaylord Maxwell, industry relations director for TL Enterprises Inc., explained that formation of the 17-member commission was promoted last year by RVDA's Long-Range Planning Committee in the belief that one of the major constraints to RV market expansion was the "less-than-the-best after-sale care" often afforded consumers.

The commission, an autonomous pan-industry group formed at last year's national show, consisted of three representatives from each of the four major segments of the RV industry: manufacturers, dealers, suppliers, accommodators (campground operators). Also on the panel were three consumer representatives of which two represented major RV clubs: Good Sam® and the Family Motor Coach Association.

The goal was to identify industry problems, as perceived by the consumer, and spawn "a corporate philosophy of customer care."

Commission members were openly sensitive to the possiblity that their unprecedented report, in that it focuses on "problems," might be viewed as a negative approach. But Maxwell emphasized that the industry clearly is on the right track. An active RV traveler and former dealer, Maxwell said the RV sector has made tremendous strides in quality control and warranty service since the '60s and early '70s. In fact, he stressed, the report included no "revolutionary" information among its findings, covering everything from personnel attitudes to component reliability.

But Maxwell and other commission members addressing the Louisville group, including Nu Wa Industries Inc. President Mike Mitchell, Rhode Island dealer and RVDA President Jack Moran, Reese Products President Charles Miller and Outdoor Resorts of America President Randall Henderson, maintained there's plenty of room for improvement. And they believe that the report can be a good tool for self-evaluation.

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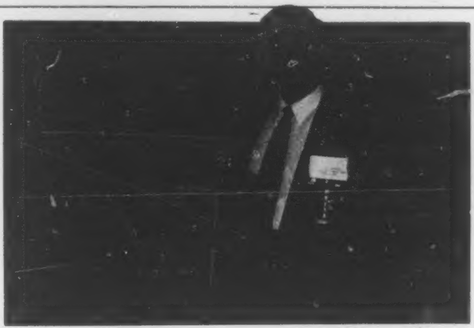

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MIAMI
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DAB PERSPECTIVE

OCTOBER SALES REMAIN STABLE

GAYLORD MAXWELL

Wall Street took it on the chin in October, but the RV industry didn't even feel a bump, according to *RV Business*' Dealer Advisory Board (DAB). In fact, 82% of the DAB did better in October 1987 than in October 1986 for new and used, both in terms of dollars and units sold. Three of the five RV types were up in new-unit sales; all five were up in used sales.

Although profit ratings on new units weren't generally rated as high, only three said profits were poor. Used-unit profits were said to be only fair to good by about half of the DAB members; the other half rated them as excellent. Service and accessory profits held up well in October, with the excellent category getting the most marks. No one rated profits in this area as poor.

Inventories appeared to be in reasonably good shape, as well. Most DAB members reported that their stock was about average in terms of new inventory, with only a few calling their stock high. However, in used units, ratings were about equally divided among high, average and low.

All factors considered, October was a good month. Taking into account what happened to the stock market and what could have happened to the RV market, it was fantastic.

Motorhomes

Motorhome dealers were about evenly split: about half were behind last October's figures, and the other half were ahead. The dealership's size had no bearing on whether or not sales were up or down.

October is the time when many dealers are willing to unload last year's models at bargain prices, but grosses were holding up quite well. Most DAB members rated profits as good. There were some complaints of shortages of "hot" models, but fast turnover and excellent grosses were reported when models did arrive on the lots.

Used units were still moving very well, and sales were almost equal to those of new. Profits were excellent.

In spite of much higher gasoline prices, very limited tax advantages and higher motorhome prices, sales have been stronger in 1987 than in the previous year. The 16% new-unit increase for the year-to-date was evidence that people are willing to pay the price, if it's something they want.

Travel Trailers

New travel trailers were in the doldrums—not bad, but definitely off the pace set earlier this year. For the month, most dealers had numbers pretty close to those of last year, but a couple skidded rather drastically and brought the average down. Used sales were excellent, however.

New-unit profits were rated good to fair. The 4% new-unit sales increase for the year-to-date wasn't great, but it was a positive note. However, there were no indications that sales of trailers will suddenly accelerate.

Truck Campers

New-camper sales numbers weren't large, but the percentages were great. It was apparent that those dealers who handle this type were making gains. Used sales were good for the month, too. Profits were generally rated to be good.

Year-to-date, campers were well ahead of last year in both new and used. What appeared earlier this year to be a mild resurgence in sales of this type has apparently held up.

Camping Trailers

Fortunately, the unit numbers weren't large, so the strong monthly percentage drop in new folding-trailer sales did not reflect a dramatic change in the overall picture. Sales of this type are minimal at this time of the year. However, the facts that it was an unusually large monthly decrease and that the year-to-date figure was negative suggest that dealers should be looking for reasons for the drop. Sales of this "entry-level" type of RV unit are a vital ingredient in the present RV-sales picture and, to some extent, an indicator of future sales.

Profit ratings were mixed—ranging from excellent to poor.

Fifth-wheels

October's fiver sales were very limited in number of units, but the percentage change was large. However, unlike camping trailers, new fifth-wheel sales were up. Used sales were good. Year-to-date, new and used were in the plus column.

Profit ratings varied greatly, with a strong emphasis in the fair column. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	141	132	+ 7	1,418	1,221	+16	120	117	+ 3	1,329	1,237	+ 7
TRAVEL TRAILERS	87	92	− 5	1,121	1,077	+ 4	96	80	+20	1,051	1,025	+ 3
TRUCK CAMPERS	21	16	+31	212	186	+14	12	8	+50	117	105	+11
CAMPING TRAILERS	29	38	−24	969	1,013	− 4	16	15	+ 7	318	303	+ 5
FIFTH-WHEELS	26	20	+30	257	237	+ 8	14	12	+17	172	135	+27

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1987	OCT. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$11,361,716	$10,424,772	+ 9	$117,776,518	$107,158,050	+10
TOTAL UNIT SALES	562	530	+ 6	6,964	6,539	+ 6
NEW-UNIT SALES	304	298	+ 2	3,977	3,734	+ 7
USED-UNIT SALES	258	232	+11	2,987	2,805	+ 6

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dessum,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Posey,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

WDA AFTERMARKET

WDA SALES, INVENTORIES RISE

MORTON J. MARCUS

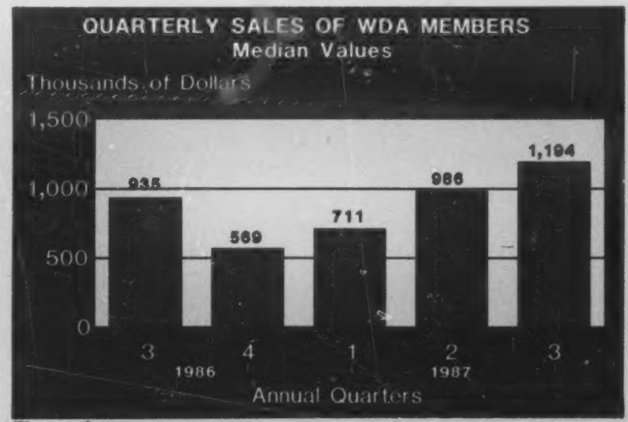

Figure 1

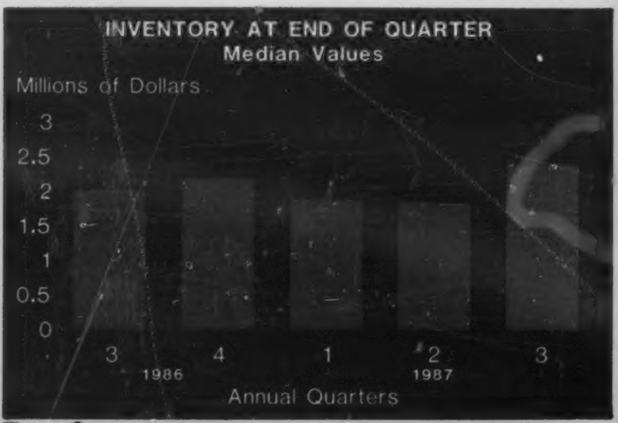

Figure 2

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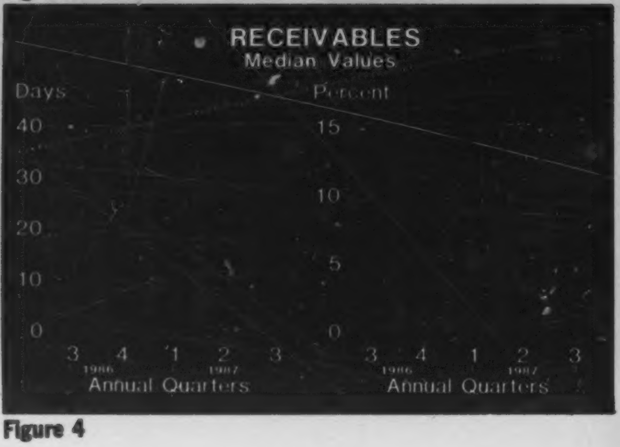

Figure 4

For the first time since the spring of 1986, median aftermarket sales for a quarter topped the million-dollar mark. This record was indicated by the latest data from the membership survey of the Warehouse Distributors Association (WDA).

Participating firms had an increase in sales in the third quarter of 1987. Not only were average (median) sales up 21% from the second quarter of this year, but they also showed a gain of 28% from the third quarter of 1986. *(See Figure 1.)* This gain in sales was reinforced by the special comparison data available from the WDA study for firms reporting in the third quarter of both 1986 and 1987. For the 24 firms (18 U.S. and six Canadian) which participated in both years, total sales grew by 18.4% between 1986 and 1987, and the median value was up 29.5%. This strong sales gain was about equal for U.S. and Canadian companies.

In support of these sales gains, the participating companies allowed inventories to grow in the past year. For the firms reporting in both years, the total value of inventories advanced by 22% between the third quarter of 1986 and 1987. *(See Figure 2.)* In addition, the growth in inventories, as reported by all firms, climbed faster in the third quarter of 1987 than in 1986.

The fact that not all the same companies report every quarter sometimes gives rise to strange results in the WDA data. Here is a good example: Sales have grown less rapidly than inventories, but the sales-to-inventory ratio shows almost no change. *(See Figure 3.)* This is due to the fact that not all firms report each quarter and not all firms complete the requested information, diluting the interpretive value of some data. The sales-to-inventory should have fallen, but for the firms reporting both sales and inventory the median value rose. This conflicting indication emphasizes the need for all firms to participate regularly and fully in the process of data gathering.

The rising trend of the sales-to-inventory ratio, if reliable, is a positive indication of strength for this sector of the RV industry. It would indicate that wholesalers are turning inventory faster and are less inclined to be caught with high inventories, if demand slackens.

As occurred a year ago, receivables in the third quarter showed longer collection times than in the second quarter. Last year at this time, the average days for receivables climbed from 28 to nearly 32 days between the second and third quarters. This year, there was a similar tendency—from 23 to 27 days. *(See Figure 4.)*

These aftermarket data were obtained from the confidential reports sent voluntarily by WDA-member firms to the Indiana Business Research Center at Indiana University for tabulation. Each participating WDA member receives a private report in which that firm's record over the past five quarters is compared with industry averages.

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try otential Market

n of the U.S. dollar has spawned a renewed interest in exports among domestic component suppliers and manufacturers of recreational vehicles and van conversions. Wary of further exchange-rate fluctuations, however, American companies are cautiously approaching export opportunities.

Foreign trade, industry observers stressed, has never been a panacea for the RV industry. A few suppliers—including Shurflo, Anaheim, Calif. (water pumps); Thetford Corp., Ann Arbor, Mich. (portable and freshwater toilets); and Carefree of Colorado, Broomfield, Colo. (awnings)—have done a regular business overseas for a number of years. And a few Indiana OEMs—Coachmen Industries Inc., Elkhart; Holiday Rambler Corp., Wakarusa; Jayco Inc., Middlebury; International Vehicles Corp., Bristol; and Starcraft Corp., Topeka—have dab-

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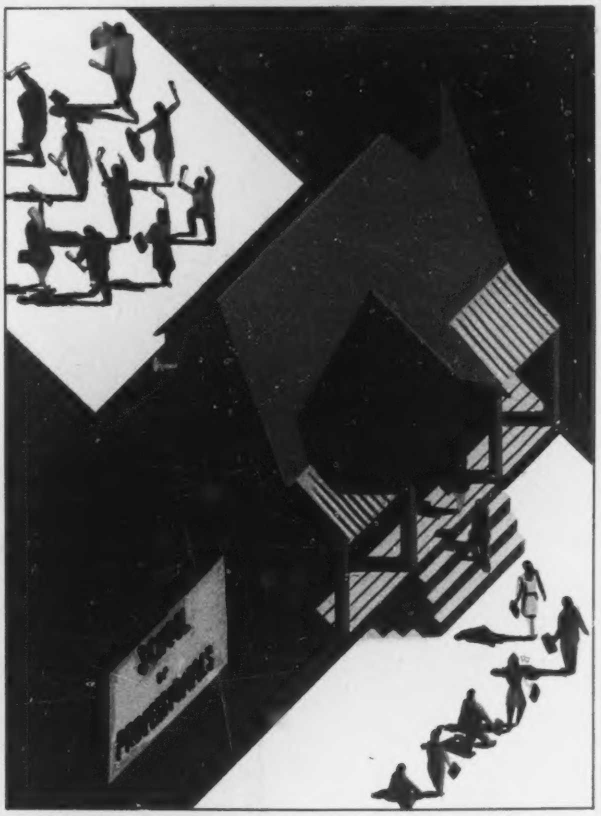

PROFESSIONALISM AND A SALES STAFF: A variety of methods are used by today's RV dealers to add professionalism to their sales department: everything from training schools to contests. See page 24 for the full story.

Congress Votes to Keep Interest Deductions for RVs

RV manufacturers, dealers and owners were given an early Christmas present in December when a House and Senate Conference Committee voted down a proposal that would have repealed the federal income-tax deduction for interest on RV loans.

The issue of the deductibility of RV-loan interest was one of many taken up by the House and Senate conferees when they hammered out a $23 billion tax package that was signed by President Reagan Dec. 22. House conferees had brought to the negotiations a provision of an earlier bill (HR3545) that would have retroactively repealed the deduction for RV loans made after Oct. 13, 1987. A previously passed Senate bill did not have any such provisions. During the course of the conference-committee negotiations, the Senate conferees offered to agree to the House proposal to place a $1 million loan cap on first mortgages and a $100,000 cap on home-equity loans if the House in return would drop its efforts to repeal the interest deduction for RVs and boats.

The House conferees initially turned down that offer and instead asked for a $100,000 loan cap on RV- and boat-interest deductions. Responding to lobbying efforts from RV and boat interests, the Senate conferees stood fast and the House conferees relented. As a result, the committee reached the joint

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RVIA Study: '87 Shipments to Be 2nd Highest Since '78

Considering the strength of RV sales through the third quarter, John W. DeWolf, a consultant on forecasting for RVIA, in December predicted that 1987 RV shipments (less van conversions) would total 217,600 units—the second highest total since 1978 and very close to 1984's 222,900 units.

This represents a 10.1% gain over 1986, with towables up 8.5%, motorhomes up 10.6%, and truck campers up better than 30%.

Leading indicators, meanwhile, point to "a short and shallow dip in the general business cycle" in 1988, said DeWolf. But the dip should be mild enough—and the interest rates low enough—that DeWolf is not altering his 1988 prognosis as a result of October's "Black Monday" stock-market plunge. He sees 1988 shipments 4% above the projected 1987 figure, or 226,000.

In an earlier forecast for RVB, Indiana University predicted an 11% increase for an '87 total of 234,300 units (less vans). Δ—*Sherman Goldenberg*

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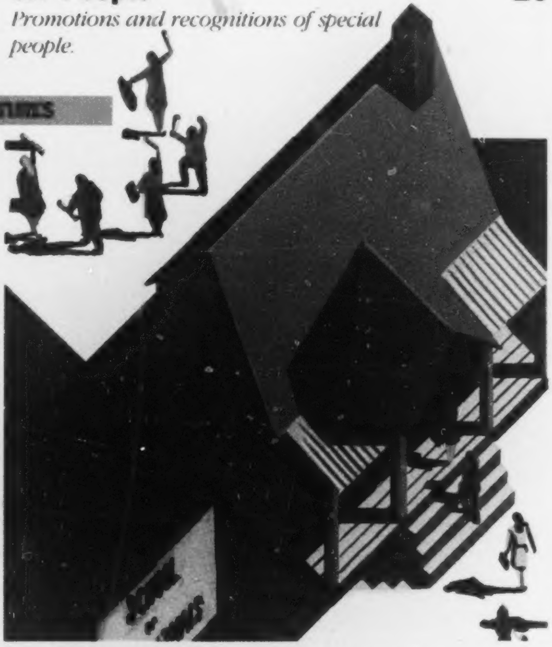

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COVER ILLUSTRATION: MARK DAVY

1987 EXPECTED TO END ON AN UPBEAT NOTE

MORTON J. MARCUS

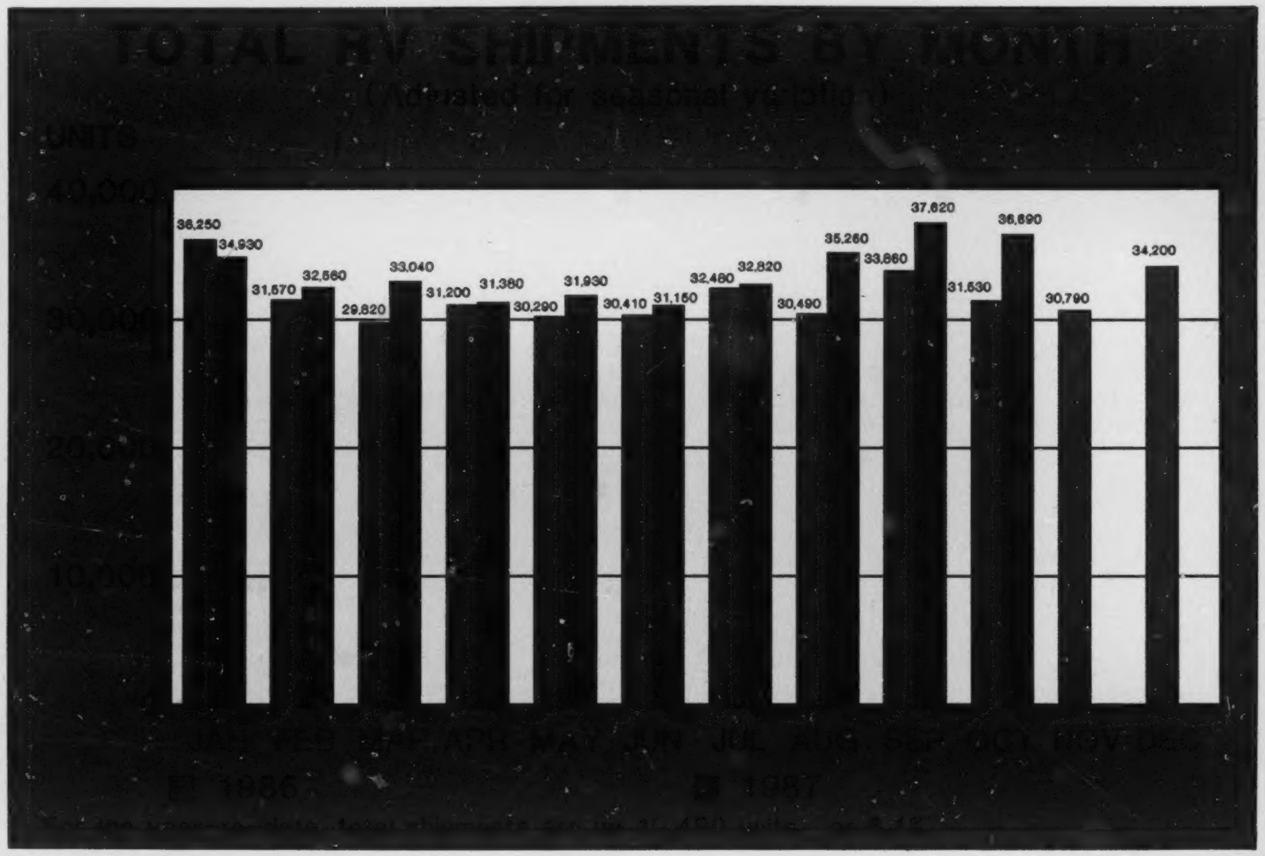

Figure 1

If the economy is slowing down, it does not show up in the latest shipment data from RVIA. When adjusted for normal seasonal factors, the 33,900 units reported by RVIA for October 1987 become a total of 36,690 units. This is an improvement of nearly 5,200 units (16.4%) from the same month a year ago (*see Figure 1*).

October thus marks the third consecutive month with a gain of more than 10% from the corresponding month of 1986. Of the total 19,490 units which RV shipments are now running ahead of 1986, 70% of the gain (13,700 units) was realized in the period from August through October. With the exception of January, every month in 1987 was ahead of the same month in 1986. Clearly, the RV industry was not part of any slowdown in business activity.

Since March of '86, every month exceeded 30,000 units shipped. The two most recent months for which we have data, September and October, have both topped the 36,250-unit previous high point that occurred in January. Although seasonally adjusted shipments in October were down from September by almost 1,000 units (−2.5%), a total of 36,690 units in the month is hardly chopped liver, as a colleague is fond of saying.

The Detailed View of '86

The October shipments were down in seven of the 11 classifications for which we report (*see Figure 2*). But most of these were small changes in volume and high-percentage changes on small volume. For example, the decline in Class C micro-minis was a fall from 210 to 150 units, a 60-unit drop that gives the big 28% number shown in Figure 2. Similarly, the fall in Class C low-profile units was only about 90 units.

The important numbers are the year-to-date statistics. Here the gains are very widespread. When seen in the context of the entire year, seven of the 11 types of RVs were up in volume. Two of the Class C models were down, as were park models and van conversions. All the others were up. The big percent leaders were truck campers (more than 41%), as well as both Class A and Class B motorhomes (each running more than 24% ahead of the previous year).

Class A motorhomes led all types in absolute volume gains (*see Figure 3*). For the year, these units were up nearly 6,700 units. In fact, Class A units accounted for more than a third of the total 23,350-unit up-volume in the industry. Folding camping trailers, up by 4,800 units from the same time in 1986, are the big volume leader among the towables. Other strong gains were recorded by both conventional travel trailers (more than 4,000 units) and fifth-wheels (almost 3,100) units.

Van conversions accounted for nearly 30% of the 3,860 downside-volume in the industry. Both low-profile and micro-mini C's were down by more than 900 units each. The other declining group was park models (more than 800 units). Although the loss for van conversions was so small in percentage terms (just seven-tenths of one percent), this type of RV nonetheless lost 3.2 points in its market-share rating. Van conversions declined from nearly 49% to 45.7% in a year's time (*see Figure 4*).

As a group, towables gained two percentage points in market share compared to 1986. Nearly half of that was scored by folding camping trailers. Motorhomes also gained (1.2 points), led by the strong gains in Class A's and B's, but offset by declines in Class C units.

Closing the Year

If the industry only equals the performance of the last two months from 1986, total shipments in the year '87 will top 400,000 units. Should total shipments keep up the consistent 6% improvement of '87, then total shipments will close over 406,000 units. But if the gains of the last three strong months of 1987 persist, then the final numbers for the year could very well be close to 412,000 units. In summary, it will take a major change in trends to retreat from the substantial gains of 1987. Δ

Figure 3

YEAR-TO-DATE CHANGES IN UNITS SHIPPED

Type	Gainers	Losers
TOTAL RVs	19,490	
Travel Trailers:		
Conventional	4,010	
Park Models		– 840
Fifth-wheels	3,080	
Folding Camping Trailers	4,800	
Truck Campers	2,490	
Motorhomes:		
Class A	6,670	
Class B Van Campers	1,380	
Class C		
Minis	920	
Low Profile		– 930
Micro-minis		– 960
Multi-use Van Conversions		–1,130

Detail may not add to total because of rounding.

Figure 4

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1987	1986
TOTAL RVs	100.0	100.0
Travel Trailers:		
Conventional	14.7	14.4
Park Models	1.7	2.1
Fifth-wheels	6.5	5.9
Folding Camping Trailers	10.2	9.3
Truck Campers	2.5	1.9
Motorhomes:		
Class A	10.1	8.6
Class B Van Campers	1.9	1.6
Class C		
Minis	5.1	5.1
Low Profile	0.6	0.9
Micro-minis	0.9	1.2
Multi-use Van Conversions	45.7	48.9

Detail may not add to total because of rounding.

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	OCTOBER 1987	PERCENT CHANGE FROM SEPT.	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	36,690	-2.5	337,380	317,890	6.1
Travel Trailers:					
Conventional	5,240	3.1	49,740	45,740	8.8
Park Models	630	-1.9	5,710	6,550	-12.8
Fifth-wheels	2,360	-1.8	21,980	18,900	16.3
Folding Camping Trailers	3,760	-1.6	34,390	29,590	16.2
Truck Campers	1,040	4.5	8,510	6,020	41.4
Motorhomes:					
Class A	4,090	2.0	34,020	27,350	24.4
Class B Van Campers	910	-8.6	6,500	5,120	27.0
Class C:					
-Mini	1,860	5.0	17,130	16,210	5.7
-Low Profile	240	-28.1	2,080	3,020	-30.8
-Micro-mini	150	-28.2	3,010	3,970	-24.2
Multi-use Van Conversions	16,430	-5.4	154,290	155,420	-0.7

Figure 2

DAB PERSPECTIVE

NOVEMBER SALES SLIP SLIGHTLY

GAYLORD MAXWELL

After-shocks from the October stock-market crash were felt in the RV marketplace in November. Fortunately, they were mild. That's the reading we get from *RV Business*' Dealer Advisory Board (DAB) report for the month.

Our conclusion is based on the fact that, compared with the previous November, more than half of the 24-member group was down in sales volume as well as in total-unit sales. Add to that these facts: Lot traffic was rated low; new-unit profits were rated only fair; used profits, which have been consistently rated excellent for many months, were about equally rated from excellent to poor; grosses, although variously rated, got the most checks in the fair column; and net profits leaned strongly to the fair and poor end. New-unit inventories were rated a bit on the high side; used inventories were quite varied, with about an equal number in each category—high, average and low.

To some extent, the apparent downturn was due to the fact that in November and December 1986, the industry got a shot in the arm with the final-fling buying by those who used the sales-tax-deduction reason to plunk down their cash before Dec. 31. In 1987, economic forces worked the opposite.

Still, there was definitely a plus side to November. Three RV types were up in new-unit sales. The new-unit total was up for the month. All types except one (camping trailers) were still up for the year-to-date in both new and used units, and sales volume was still up year-to-date. In spite of the general "bump," many of the DAB members were up for the month. In fact, two reported the best November sales ever!

Motorhomes

New motorhomes maintained the 9% increase they held for the year-to-date. DAB members who stocked that RV type were equally divided between those who were up for the month and those who were down in new-unit sales. One large dealership increased its sales very significantly for the month, consistent with its growth for the year. Also, one of the smaller dealerships that moved to a better location saw a 65% sales increase.

Used sales, unexplainably, skidded drastically—dropping 28% for the month and reducing the year-to-date figure to only 2%. New-motorhome profits remained rather strong for the month, with more than half of the DAB members rating them either excellent or good.

Travel Trailers

Both new- and used-unit sales of this type declined for the month. The actual unit dips were not great, but with November being one of the relatively low-sale months for trailers, the new-unit percentage was particularly noticeable.

Year-to-date, travel trailers have barely maintained a slim lead over the previous year. Based on reports for the past few months, that lead will probably be further diminished in the December figures.

Truck Campers

Although the actual unit figure wasn't great, the percentage of increase for new-unit camper sales in November was fabulous. Three dealers who had reported no sales for the month in 1986 did better in 1987. Year-to-date, camper dealers on the DAB were doing well. With one exception, all of the eight who stock them were ahead of the previous year.

Profits were rated as mixed.

Camping Trailers

November definitely wasn't a camping-trailer month. New-unit sales for '87 were even one less than the year before. The year-to-date figure was still a minus—the only type that was a negative for the DAB.

In spite of the slightly negative picture, most of the serious dealers of this RV type had a good year. In several cases, sales figures were up considerably—proving that "down" generally doesn't necessarily mean *down*.

Profits were rated fair.

Fifth-wheels

In terms of percentages, November was a boom month for fivers. Actually, what happened was that twice the number of dealers recorded sales in 1987 over the previous year. The numbers weren't big, but they indicated that more dealers could be selling fifth-wheels if they tried. Year-to-date, new units were still slightly ahead of 1986, and the used percentage of increase was the best of all five types.

Profit ratings ranged from excellent to fair. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	118	108	+ 9	1,477	1,381	+ 9	83	116	–28	1,412	1,381	+ 9
TRAVEL TRAILERS	63	73	–14	1,188	1,137	+ 4	87	92	–14	1,137	1,100	+ 3
TRUCK CAMPERS	18	13	+38	230	200	+15	2	4	–50	117	108	+ 8
CAMPING TRAILERS	20	21	– 5	1,094	1,103	– 1	9	7	+29	339	339	same
FIFTH-WHEELS	23	10	+130	285	270	+ 6	12	11	+ 9	185	154	+20

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$8,714,189	$9,280,811	– 6	$126,485,707	$117,409,823	+8
TOTAL UNIT SALES	435	455	– 4	7,464	7,151	+5
NEW-UNIT SALES	242	225	+ 8	4,274	4,069	+5
USED-UNIT SALES	193	230	–16	3,190	3,082	+5

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pfiler,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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ports Winter Inventory Levels

Strong, fall wholesale shipments and lackluster fourth-quarter retail sales appear to have left many RV dealers with higher winter inventories than last year, according to some manufacturers and dealers.

Yet the inventory picture remains unclear, as a host of RV dealers also are reporting inventories that are "about right" or "lower than last year."

Mac Bryan, vice president of marketing for RVIA, is one who believes that current inventories are higher than last year, citing late-1987 OEM shipments that steadily outpaced retail sales, especially in motorized equipment. "There are too many issues to be discussed to get to an accurate picture," added Bryan. "It varies so much

continued on page 8, and see related story on page 7.

Toyota Plans To Up Micro GVW, Power

Toyota Motor Sales USA Inc., Torrance, Calif., officials confirmed that the company is planning to boost the power and gross vehicle weight rating (gvwr) of its 1989 model microminimotorhome chassis. Micro manufacturers, however, are unsure of how much help the improvements will be to their depressed market.

Toyota officials, who declined to provide exact figures on the

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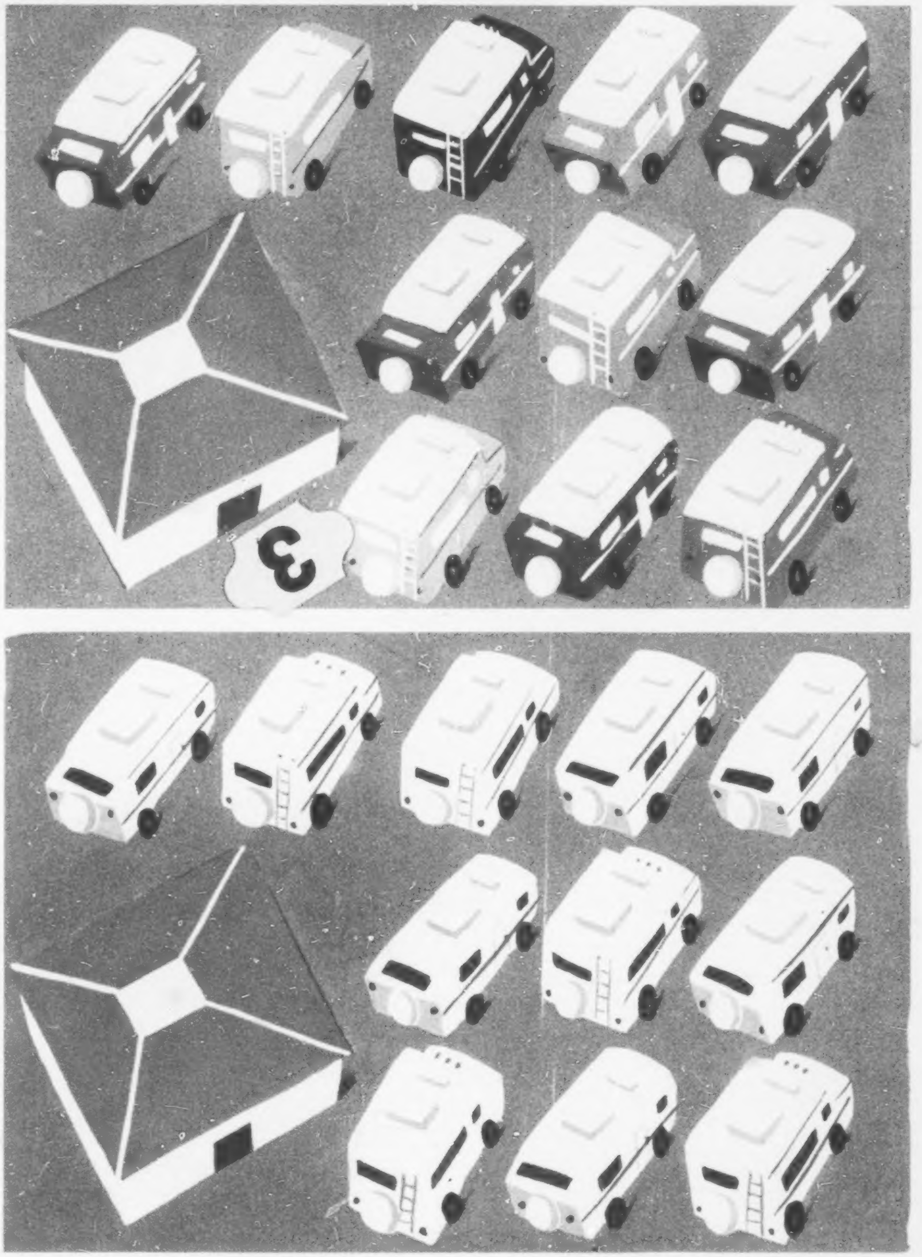

Single-line vs. Multi-line Dealerships: Dealers debate whether single-line lots are the wave of the future. Do single-line dealerships' efficiencies in marketing and service management outweigh the loss of a multi-line dealership's broader market?

FEB. 12, 1988 TWO DOLLARS

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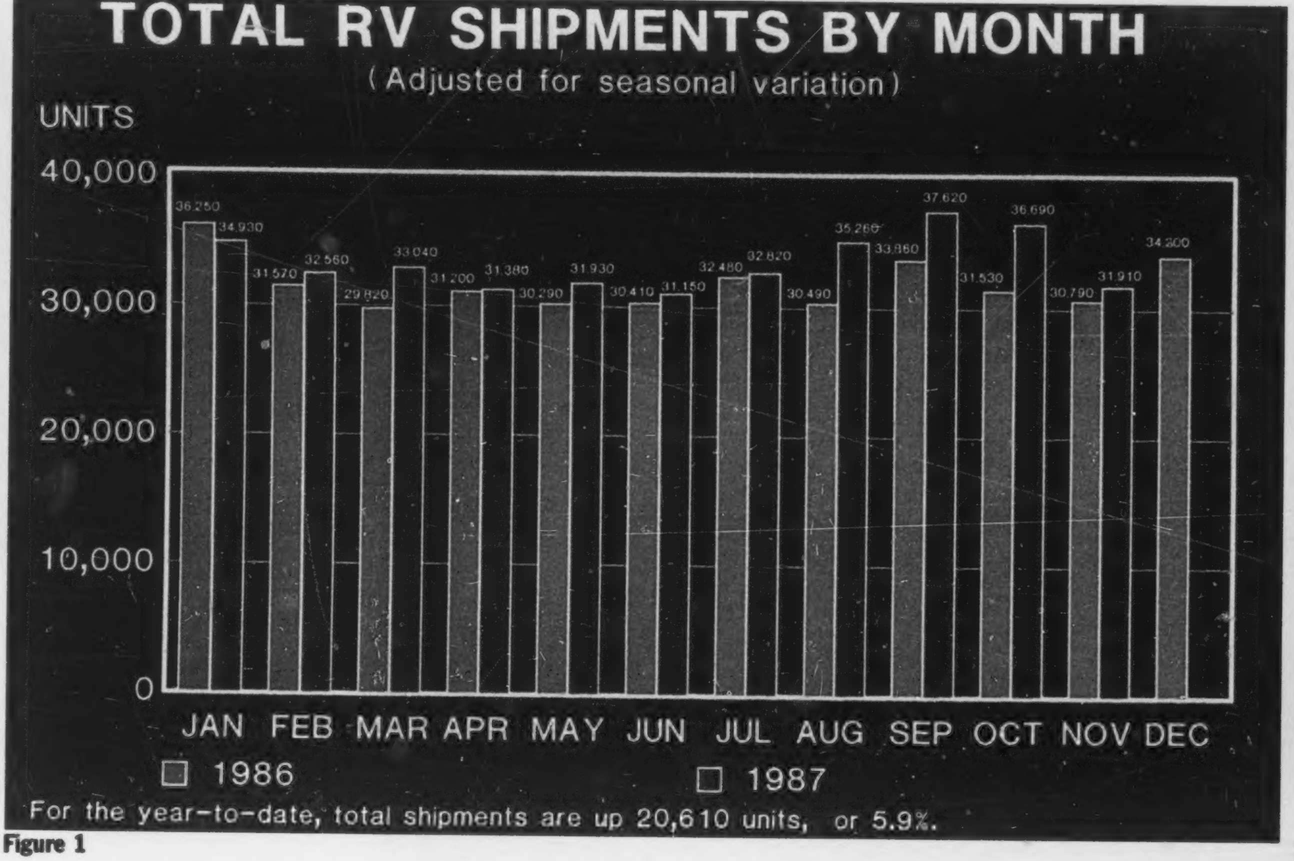
COVER ILLUSTRATION: RHONDA VOO

RVIA SHIPMENTS

WAITING FOR THE OTHER SHOE TO DROP

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments are up 20,610 units, or 5.9%.

Figure 1

It happened all over the country during November 1987. A couple sat drinking coffee and discussing the purchase of a new refrigerator or a washing machine or an RV.

They had seen the evening TV newscast and read the newspapers for several weeks. The stories had been all about the crash on Wall Street, stories replete with speculation about the significance of this big event. They heard all about the huge wealth losses suffered by investors. They didn't have any big losses themselves, and they didn't even have any friends who had suffered, but they wondered what it might mean for them.

Each morning they awoke to news of stock market movements in places such as Tokyo, Sydney and Hong Kong. Their jobs were well-paid, but their fears were mounting. "Maybe we better wait," one said. And the other gave a nod of concurrence.

That scene was repeated in homes throughout the nation. Sometimes it was a washer; in other cases, it was a new or used car. Still others delayed looking at that RV which seemed so enticing just a few weeks ago. They would hold off until they could be more certain . . . more sure that the decline which took place in the American stock market during mid-October would not result in a recession—or worse.

After all, hadn't it been a major decline in the stock market in October of 1929 that led to the Great Depression (which they did not experience but which they had heard described by their parents or grandparents)? As responsible people, they would not take a chance that might place a heavy debt burden on them *if* one of them were to be laid off in the next few months.

So they did not buy an RV; they did not even go to look at the models in the showroom. Dealers in durable goods reported slower floor traffic on big-ticket items, even if sales did hold up pretty well. Some dealers were even interviewed on the local TV news shows, which showed them drinking a lonely cup of coffee in front of a long row of gleaming new products.

Seeing those reports, other dealers began to talk about acting in a "responsible fashion" by reducing orders. Manufacturers, who also watch television and read newspapers and drink coffee, speculated that maybe they, too, should begin to pull in their horns and act "responsibly."

Nothing had happened, but something was happening: responsible people were behaving with reasonable caution, in case something happened.

Slowed But Not Halted

In August, September and October of 1987, RV shipments had perked along at a 400,000 annual rate, with nearly 110,000 units shipped. In those three months of 1987, RV shipments were running 14.3% ahead of the same period in 1986, a pace well ahead of the preceding months in the year.

Given the national fright, one might expect that November RV shipments would have "hit the wall." But they did not!

RVIA SHIPMENTS

When the RVIA shipment data for November were adjusted for seasonal variation *(see Figure 1)*, they indicated that 31,900 units were shipped. Although this was a 13% decline from the preceding month, it must be put in perspective.

This percentage decline represented less than a 5% drop from the average of RV shipments for the preceding twelve months. In addition, the industry already had four of 10 months in the year with percentage changes in excess of 10%.

Other significant facts can be extracted from this data. For example, in November, for the 10th consecutive month, shipments exceeded the same month of a year earlier. Also, November 1987 shipments were nearly 4% *higher* than shipments for that month in 1986.

Finally, total shipments for the year were running more than 20,000 units, or nearly 6%, ahead of the 1986 shipment pace. This suggests another important point: Even if December comes in at the same "low" level as November, 1987 will still be a 400,000-unit year for the industry.

The Detailed View

Figure 2 shows just how different November was from last year as a whole.

Only two of the 11 model types tracked in these reports experienced higher shipments in November than in October. The spectacular gain of 60% by Class C micro-minis was actually a run-up of just 90 units. The 9% gain in fifth-wheels reflected a gain of about 220 units. All other model types declined.

The smallest declines for the month were in Class C minis (down just 4%) and truck campers (down about 8%). The remaining model types all had double-digit percentage decreases in the month. Hardest hit were Class B van campers, which were off by nearly 38%, or 345 units. The next biggest declines were registered by park models, folding camping trailers and van conversions.

Yet the results for 1987 through November showed gains for seven of the 11 model types. Class A motorhomes were the volume leaders in advances, with a gain of 7,400 units for the year, or a most respectable 24% improvement. Class B motorhomes shared that percentage gain, although the volume gain was lower at 1,400 units.

The big winner to date in 1987 was the truck camper, with an advance of more than 38% and a volume growth in excess of 2,600 units.

Conventional travel trailers and fifth-wheels both added more than 3,600 units for 1987. Class C minis were the only type among Class C's to gain.

The losers to date for 1987 were the low-profile and micro-mini Class C motorhomes, along with park models.

The decline of 0.2% (280 units) in van conversions was hardly worth noting, except that it was a decline in a growing RV market, which led to a drop in market share for van conversions from 48 to 45 share points *(see Figure 3)*.

The 2.7-point decline in van conversions as a share of the total RV market was to the credit of towables, which gained 1.7 points. Motorhomes picked up the remaining 1 point in market share.

What's Next?

As these words are being read, the facts about December shipments have already been recorded by the big campground in the sky. We just don't have the word from RVIA headquarters in northern Virginia yet.

1987 has closed. It would not shock us to learn that December matched November, or even came in a bit lower. The year ended with such a flurry of forecasts from financial analysts that even the most cheerful carnival fortune teller might complain of a clouded crystal ball.

As 1988 started up, political leaders assured us that all was well, a sure sign to the pessimistic that the world was about to end. During the Christmas-New Year's Bowl games, we all saw the advertisements from distinguished stock-brokerage houses, which told us that this was a good time to buy. (Did you ever see an ad telling you to sell?) The mood remained cautious, even though there was no bad news.

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1987	1986
TOTAL RVs	100.0	100.0
Travel Trailers:		
Conventional	14.7	14.6
Park Models	1.7	2.1
Fifth-wheels	6.7	6.0
Folding Camping Trailers	10.2	9.5
Truck Campers	2.6	2.0
Motorhomes:		
Class A:	10.2	8.7
Class B Van Campers	1.9	1.6
Class C:		
Minis	5.1	5.2
Low Prolife	0.6	1.0
Micro-minis	0.9	1.2
Multi-use Van Conversions	45.5	48.2

Detail may not add to total because of rounding.

Figure 3

In such an environment, we suspect that responsible couples continued to sip coffee and postpone purchases. No doubt responsible dealers and manufacturers sat back and had an extra cup of coffee, too. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	NOVEMBER 1987	PERCENT CHANGE FROM OCT.	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	31,910	-13.0	369,290	348,680	5.9
Travel Trailers:					
Conventional	4,660	-11.1	54,400	50,740	7.2
Park Models	510	-19.5	6,210	7,150	-13.1
Fifth-wheels	2,580	9.4	24,560	20,930	17.3
Folding Camping Trailers	3,110	-17.3	37,500	33,190	13.0
Truck Campers	960	-7.7	9,470	6,820	38.9
Motorhomes:					
Class A	3,640	-10.9	37,660	30,260	24.5
Class B Van Campers	570	-37.7	7,070	5,690	24.3
Class C:					
-Mini	1,790	-3.6	18,920	18,130	4.3
-Low Profile	210	-13.9	2,290	3,330	-31.1
-Micro-mini	240	60.4	3,250	4,220	-22.8
Multi-use Van Conversions	13,660	-16.8	167,950	168,230	-0.2

Detail may not add to total because of rounding

Figure 2

GRAPHICS: CUSTOM COLOR VISUALS

TWO DOLLARS

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bird c Hits Highs

Although there's no sure way of gauging the level of "snowbird" activity in the Southern locales to which retired RVers flock, tourist traffic in some locations appears to be breaking records this year.

For example, Florida's tourist traffic should reach new highs in 1988, although it probably will not be a record increase. "We might have the most tourists ever," said Chip Coggins, a statistician for the Florida Department of Commerce, Division of Tourism, who is unable to statistically separate the number of RV/camping tourists from those who stay in hotels and condos. "But I don't think we're going to have the largest [illegible] cent of increase this yea[illegible] haps not as much as 198[illegible] was 12% ahead of 1985."

All this is good news [illegible] the spectrum of RV sales and service firms catering to migrating Northerners. "The parks were filling up much earlier this year," reported Terry Varvil, executive director of the Florida RV Trade Association. "We saw them filling up in November and December. And with Easter being a couple weeks later this year (that's usually the time that they leave), that means an extra-long season this year. So we're anticipating that sales and use of the campgrounds will be up again this year."

In Arizona, the situation is

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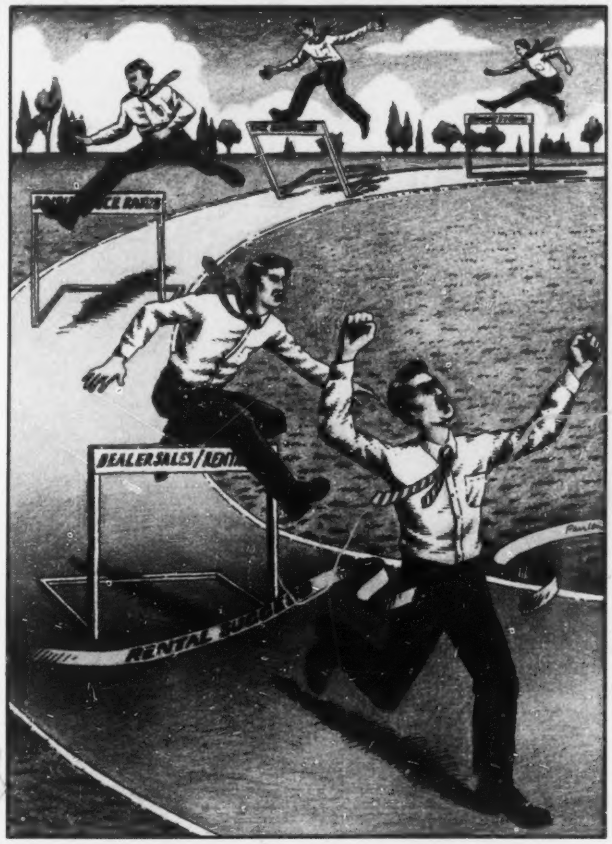

RENTALS FACE NEW HURDLES: Tax changes, insurance rates and competition are squeezing RV-rental returns, yet dealers agree profitability can be achieved. See page 22.

U-Haul Auctions Off Units, Stresses Rental Commitment

Officials of Phoenix, Ariz.-based U-Haul International have announced an agreement with Anglo American Auto Auctions to dispose of a portion of the company's motorhome fleet.

According to Al Ladensack, public information director for U-Haul, the agreement with Anglo American represents a first for the company, which in the past has sold older units through its retail rental outlets on a first-come-first-serve basis.

Anglo will now sell the motorhomes through dealer-only and special public-sales auctions at any one of 20 locations throughout the country. Dealers will receive advance notice of sales through direct-mail announcements from U-Haul, as well as telemarketing and newspaper advertising.

Included in the initial sales agreement are some 1,000 27-foot 1985 Southwind motorhomes, which Ladensack said are expected to be offered at prices ranging from $26,000 to

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Vyquest Makes Major Changes; Chairman Quits

Vyquest Inc. Chairman Brian D. Vesley, 44, the New Jersey attorney who had spearheaded the Clifton, N.J., firm since 1983, resigned on Jan. 14 amid a flurry of corporate changes.

Vyquest's management and organizational shifts have all occurred since Donald A. Sayles, 62, assumed the reins as president and chief executive officer from Vesley in November 1987. Sayles also will now serve as acting chairman of the multidivisional RV maker until the annual board meeting in late March.

Vyquest, which is the corporate umbrella for Honey RVs, Yellowstone Inc., Goshen Coach, Beach-Craft Motor Homes Corp., Van Express Inc., Urethane Systems & Equipment Inc. and WOS Data Systems Inc., also announced these changes:

- Company officials have indicated that Vyquest this spring will move its six-employee corporate offices to northern Indiana, closer to its operating di-

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FEB. 26, 1988 TWO DOLLARS

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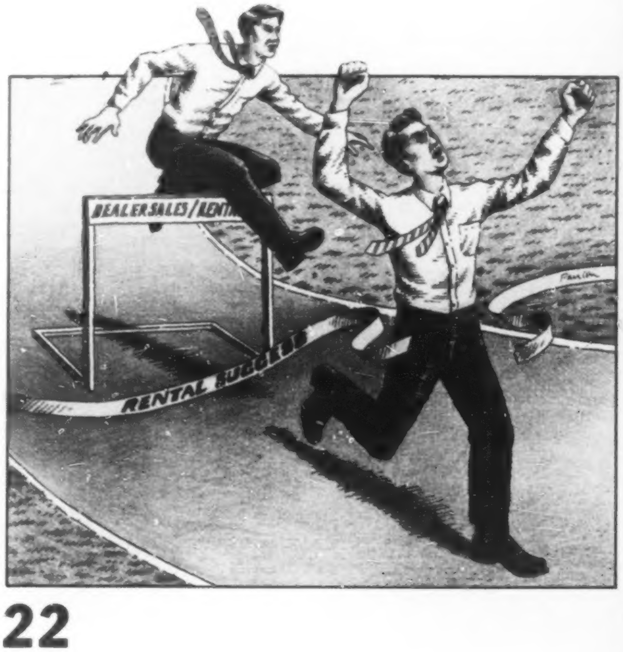

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COVER ILLUSTRATION: DOUG PAULIN

DAB PERSPECTIVE

'87 SALES END ON 'DOWN' NOTE

GAYLORD MAXWELL

After a rousing start in the early months of '87, RV retail sales, which had tapered off toward the latter part of the summer and begun a slight decline, ended the year with a pronounced "thud" in December. That's the report of RVB's Dealer Advisory Board (DAB) when comparing December 1987 with December 1986.

In sales volume and units (both new and used), December numbers were down from the same month of the previous year. Sales volume was off 29%; new units dropped 19%, and used dipped 16%. Only truck campers managed to stay "plus" for the month (by one unit). Big dealers were hardest hit with all five of those that normally record more than $1 million a month in sales down from the previous December.

For the year-to-date, two of the five RV types were in the minus column for new units, and two of the five used-RV types were also in the red.

However, all is not as grim as it might appear on the surface. December of 1986 was unusual in that it was the last chance for buyers to make purchases on which the sales taxes would be deductible from income taxes. Many dealers played up that angle—particularly large motorhome dealerships—and recorded unusually high sales in December 1986. Therefore, the drop in sales for December 1987 wasn't as significant as it would have been.

Year-to-date DAB figures show that 1986 and '87 were very similar in terms of RV sales. Travel-trailer numbers for '87 were only six units higher than the total in '86. Both camping trailers and fifth-wheels fell by a few units. Motorhomes scored a small (4%) gain.

Grosses generally weren't too bad in December. A surprising number of the DAB members marked the "good" column—especially on used units. However, most had typical poor December bottom lines.

The big question that we were left with at the end of the year was: Is the slightly downward trend one that will continue well into 1988? My prediction: The smaller and average-size dealer will be hard-pressed to match his 1987 numbers.

Motorhomes

Five big dealerships accounted for 50 of the 57-unit drop in sales for December '87 compared with December '86. Generally, they agreed that December '86 was the "fluke." All five had annual sales-volume figures that were almost identical for 1986 and '87. Most of the smaller motorhome dealerships ended up with unit sales slightly ahead of the previous year. Used sales as a whole were off the pace of 1986, and dealer experience was mixed. Some dealers were well ahead of the previous year, but others were well behind. Profits were rated to be fair to good.

The prediction for '88 is that it will be about the same as '87.

Travel Trailers

1987 was a tough year for travel-trailer dealers, and December was different only in that it was tougher than usual. Most DAB members who stock this RV type were down from the previous December. However, collectively, they managed to end up the year with a half-dozen units more than in '86. Very few trailer dealers get big unit numbers anymore. Used-unit sales numbers were only slightly different from those of new for the year. Most DAB members rated profits as good, but several rated them as poor.

My prediction: A slight sales decrease in '88.

Truck Campers

Campers were the winners in terms of percentage of sales increase in both new and used units for the year. Profits were rated excellent by the three dealers who reported new-unit sales in December.

I predict that sales will be up by about 10%-12% in '88.

Camping Trailers

New-unit sales were so low in December '87 that the percentage of decrease in sales from December '86 was rather meaningless. The final figures for the year were very close to that of '86 for both new and used units.

The prediction for '88: Sales should be about the same as in '87, possibly down a bit.

Fifth-wheels

New fiver sales definitely "thudded" in December, but, year-to-date, they almost matched '86. Used sales have been relatively brisk, with the year-to-date increase being the best for any category.

I predict that sales will be down slightly for '88. Δ

	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	DEC. 1987	DEC. 1986	% CHANGE	1987	1986	% CHANGE	DEC. 1987	DEC. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	80	137	−42	1,564	1,499	+ 4	76	100	−24	1,484	1,467	+ 4
TRAVEL TRAILERS	50	79	−37	1,187	1,181	+ 1	54	66	−18	1,130	1,135	− 1
TRUCK CAMPERS	24	23	+ 4	254	228	+11	11	8	+38	129	115	+12
CAMPING TRAILERS	4	12	−67	1,045	1,066	− 2	7	5	+40	290	293	− 1
FIFTH-WHEELS	17	33	−48	300	303	− 1	9	9	same	194	163	+19

	DEC. 1987	DEC. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$7,395,058	$10,477,069	−29	$132,554,234	$126,312,133	+5
TOTAL UNIT SALES	382	472	−19	7,557	7,450	+1
NEW-UNIT SALES	175	284	−38	4,350	4,277	+2
USED-UNIT SALES	157	188	−16	3,227	3,173	+2

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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V BUSINESS

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uper
'C' Chassis

General Motors Corp. (GM), Detroit, Mich., is developing a new super Class C motorhome chassis aimed at combining the comfort and design features of a Class C with a Class A's gross vehicle weight rating (gvwr), size range and horsepower capacity, according to GM sources.

GM's current Class C motorhome, built off its van chassis, has a unitized (frameless) body construction, a 350-cubic-inch V-8 engine and a 10,500-pound gvwr.

With a few alterations to the basic frame of its Class A rail chassis, GM can install the cab sheet metal of the current Class C on its Class A rail frame, creating a 14,500-pound-gvwr Class C with a 454-cubic-inch V-8 engine.

The largest Class C chassis currently available is Dearborn, Mich.-based Ford Motor Co.'s, which has an approximate 11,200-pound gvwr. That gvwr limits the size of the "box" that a motorhome manufacturer can install on the Ford chassis, unless a tag axle and other supports are added.

With its new chassis, GM sources said the company hopes to cash in on the demand for 25- to 26-foot motorhomes, which is one of the fastest-growing segments of the Class C market. These larger Class C's appeal to buyers who want the driving characteristics and comforts of a van front—the air conditioning and ease of entry, for example—but who also want a larger living area. Although the Class A offers the larger living area, these buyers find the Class A size and design too intimidating.

GM sources said the company plans to offer the unit within two years. Δ

U.S.-Canada Trade Agreement May Benefit U.S. RV Industry

Recent agreement on a landmark trade pact between the United States and Canada could mean that RV manufacturers and suppliers will have a potentially vast new market at their doorstep in the near future.

Final details of the bilateral agreement were hammered out late last year between negotiators for both countries. Under the terms of the pact, the North American continent will become a free-trade zone, with all tariffs and most other trade restrictions between Canada and United [illegible] eliminated by 19[illegible] by Congress, the agreen[illegible] would eliminate 75% of all tariffs by 1989. An additional 20% of the tariffs would be phased out over a period of five years, and the final 5% would be dropped in the following five-year period.

Legislation to ratify the pact will be introduced in Congress this month, and passage would mean implementation by the spring of 1989. A spokesman for the U.S. Trade Representative's (USTR) office in Washington, D.C., said that Congress is expected to give overwhelming approval to the agreement.

Jack Cole, president of Pacoima, California-based Lance Camper Manufacturing Corp., is one RV manufacturer who is very enthusiastic about the prospects of an open market north of the border. "I think, if the trade barriers do come down, it is going to be very helpful, especially for any manufacturers who are located in the Pacific Northwest," he said. "Right now, I don't think we have anyone doing any substantial business in Canada, but if

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Special Section: Van Conversions

MARCH 11, 1988 TWO DOLLARS **RV BUSINESS** VOLUME 38, NUMBER 23

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ON THE COVER:

Van converters debate the advantages of bailment-pool status in today's competitive market. (See page 18.) After the poor showing of '87, converters outline their hopes for '88 sales. (See page 19.) Cover photo: Paul Pribble.

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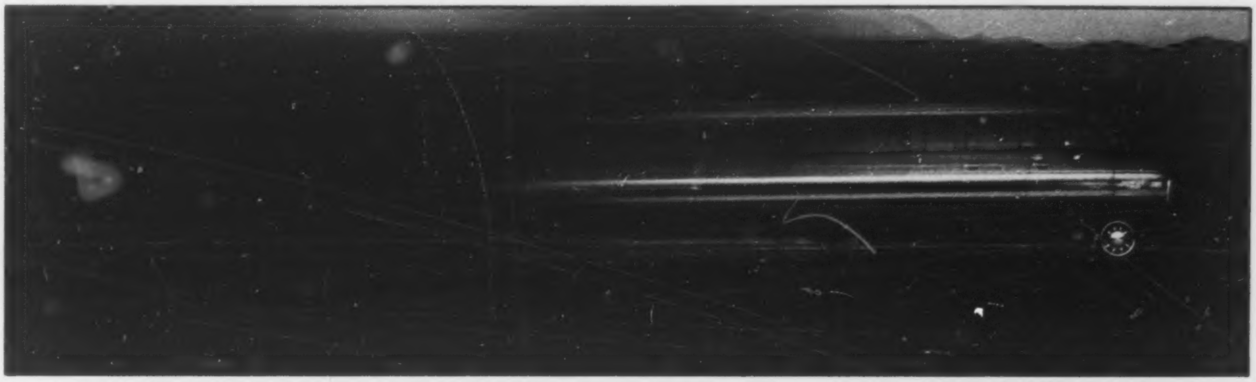

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RVIA SHIPMENTS

CLOSING THE BOOK ON '87 SHIPMENTS

MORTON J. MARCUS

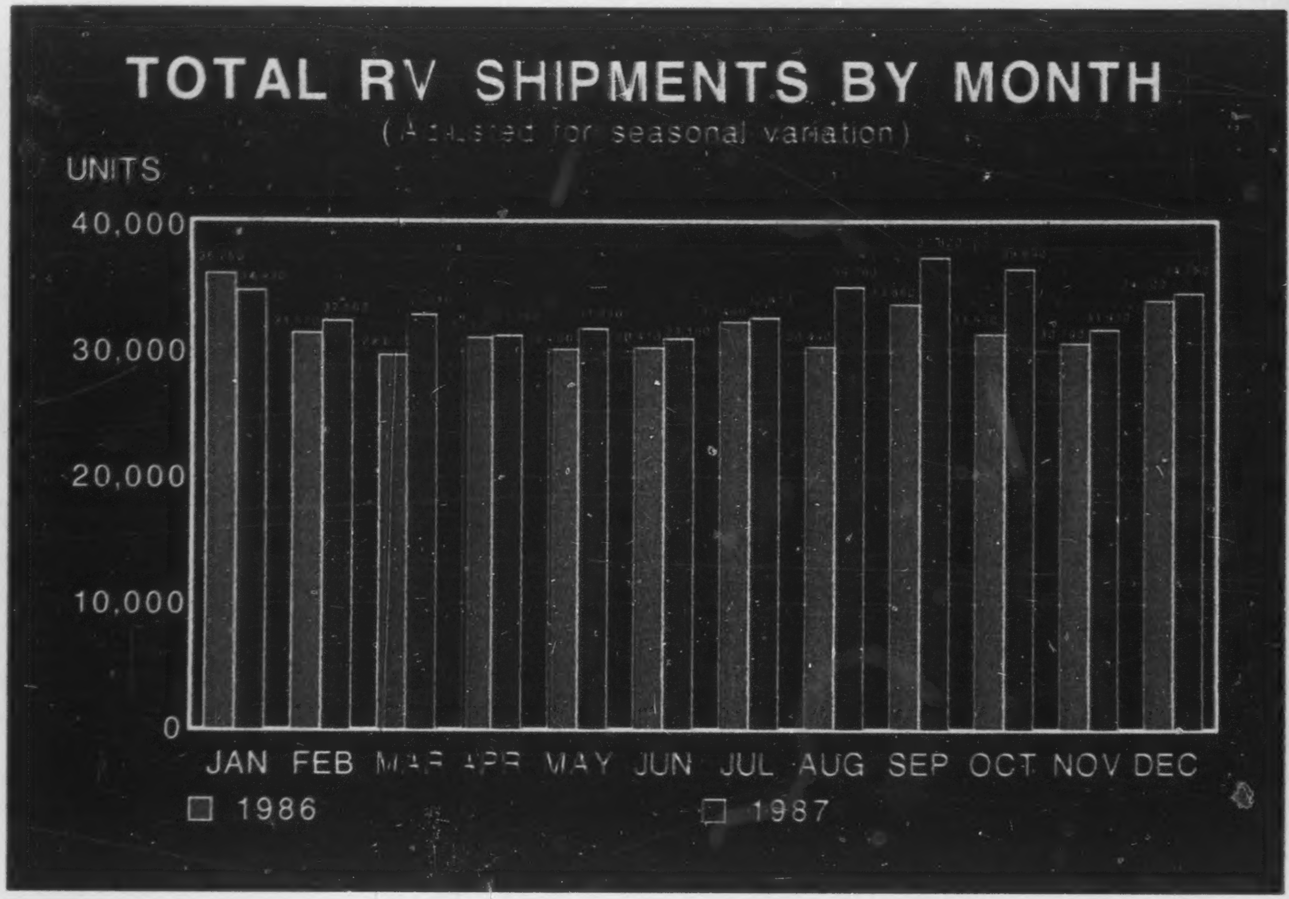

Figure 1

As 1987 came to an end, the No. 1 game seemed to be "In Search of the Recession." Across the nation, business leaders, politicians and journalists searched under every rock, examined every computer file, probed every consumer sentiment (or was it every sentimental consumer?) seeking the recession which was "forecast" by the stock market decline of October 1987.

As yet, no recession has been found, but we expect that the search party will continue to look, at least through the spring.

The RV industry, making no concession to this obsession for recession, in December posted its 11th consecutive monthly advance against the record of 1986. *(See Figure 1.)* Total shipments, adjusted for seasonal variations from RVIA's monthly report, closed the year at 34,760 units, up 1.6% from December 1986. December 1987 was the fifth best month of the year, but, most importantly, it was *up* nearly 9% from November.

If last year's decline in November shipments had been reinforced by a downward number in December, it could have heralded the onset of a recession. Clearly, no such signal has been given by the RV market at this point. Those anticipating the collapse will just have to wait for their numbers to come in.

The Detailed View

Folding camping trailers made the great jump of the month, with at 54% increase on strong volume. The big percentage losers in December, compared to November levels, were Class B motorhomes, which were down nearly 49% on low volume. In general, towables and van conversions accounted for most of the month-to-month increase, while motorhomes took a drubbing. *(See Figure 3.)*

For the year as a whole, the RV industry closed with more than 400,000 units shipped, an increase of 20,700 units or 5.5%.

There was no change in the number of van conversions shipped. Three types of units showed declines; these were park models, low profile Class C's, and micro-mini Class C's. Class A motorhomes were the big volume gainers (up 7,500 units), while truck campers were the percentage leaders (up 36.5%).

These results were translated into changes in market share. *(See Figure 2.)* No growth in

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation

TOTAL RVs	**100.0**	**100.0**
Travel Trailers:		
Conventional	14.8	14.5
Park Models	1.6	2.1
Fifth-wheels	6.8	6.1
Folding Camping Trailers	10.4	9.6
Truck Campers	2.5	1.9
Motorhomes:		
Class A	10.2	8.8
Class B Van Campers	1.6	1.6
Class C:		
Minis	5.1	5.2
Low Profile	0.6	0.9
Micro-minis	0.9	1.3
Multi-use Van Conversions	45.5	47.9

Detail may not add to total because of rounding.

Figure 2

van conversions led to a market share decline of 1.6% points in the face of a rising market. Towables made substaintial gains (nearly 2 points), while motorhomes advanced 0.6 points on the strength of Class A units alone. Class B motorhomes held even at 1.6% of the market, while Class C units fell by 0.8 points.

Perversity in the Market?

In terms of volatility, there was little difference between 1986 and 1987. The high month for 1986 was January, with its 36,250 units shipped *(see Figure 1)*, and the low was reached just two months later in March, with 29,820 units. That difference was 6,430 units, or just 40 units less than the spread between the 1987 high (37,620 in September) and the 1987 low (31,150 in June).

Where 1987 was truly different from 1986 was that the RV industry again ran counter to conventional wisdom. The pattern of the year can be seen in the quarterly summary. *(See Figure 4.)*

TOTAL RV SHIPMENTS BY QUARTER
(Adjusted for seasonal variation)

	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1986	97,630	91,900	96,830	96,520
1987	100,530	94,460	105,700	103,300
Difference	+ 2,890	+ 2,560	+ 8,870	+ 6,780
Percent change	+ 3.0	+ 2.8	+ 9.2	+ 7.0

Figure 4

Each quarter of 1987 was higher than its counterpart of 1986. The early part of the year was sluggish (when the stock market was rising), but the year closed with two strong quarters (when the stock market was falling).

Thus, we find three-quarters of the industry's gain was made in the second half of the year.

The strong close for 1987 could be a good omen for the year ahead. But in an industry as perverse as this one, tendencies are hard to read from trends, and the unexpected is the standard for our expectations. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE	DECEMBER 1987	PERCENT CHANGE FROM NOV	YEAR-TO-DATE 1987	YEAR-TO-DATE 1986	PERCENT CHANGE
TOTAL RVs	34,690	8.7	400,200	379,500	5.5
Travel Trailers					
Conventional	5,440	17.0	59,100	55,100	7.3
Park Models	470	7.4	6,600	7,800	-15.4
Fifth-wheels	2,990	15.8	27,100	23,100	17.3
Folding Camping Trailers	4,770	53.7	41,600	36,500	14.0
Truck Campers	940	-1.9	10,100	7,400	36.5
Motorhomes					
Class A	3,460	-5.1	40,800	33,300	22.5
Class B Van Campers	290	-48.6	6,600	6,200	6.5
Class C					
- Mini	1,640	-8.2	20,500	19,800	3.5
- Low Profile	180	-13.5	2,400	3,600	-33.3
- Micro-mini	270	11.6	3,500	4,800	-27.1
Multi-use Van Conversions	14,240	4.2	181,900	181,900	0.0

Detail may not add to total because of rounding

Figure 3

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PMENTS EXPECTED TO PLATEAU IN '88 20
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V BUSINESS

MAR/25
1988

s Report Scams On the Rise

Dealers in the South and other Sun Belt areas are reporting increased competition from unlicensed, fly-by-night trailer sales operations.

"The perception has been that this is a problem that has died down in recent years," said Russ Poehlman, president of Tri-Am RV Center, in Ocala, Fla. "In fact, nothing could be fur- r from the truth. If anything, problem is increasing; each nter, we are finding more and more activity from the people running these sales scams. It's costing us money in lost sales, but it also has to be costing the state hundreds of thousands of dollars in lost tax and license revenue."

For those who still might not be familiar with the scenario, the typical trailer scam goes like this: An individual or family buys one or more trailers from a manufacturer. The trailers are then taken to a prime RV-vacation area and displayed one at a time or together in a campground. Classified advertisements are placed in local newspapers, generally stating that the trailer is being sacrificed in a sale that has been prompted by a death or illness in the seller's immediate family. The trailer, which may actually have wholesaled for about $5,000, is represented as marked down from $15,000 to $10,000.

Poehlman pointed out that these scams leave the local, legitimate, licensed dealer at a

continued on page 10

FOLD-DOWNS: Coming off 1987's dramatic sales expansion, optimistic manufacturers of folding camping trailers describe why they expect continued growth in the year ahead. See page 32.

Chrysler Foresees '89 Recession, May Drop Planned 'C' Chassis

Chrysler Corp. may postpone introducing its new Class C motorhome chassis this fall because of a potential recession in 1989 which, the company believes, will hit hardest in the large van/wagon market, said company officials.

Chrysler's new Class C chassis program has been approved and "is ready to go; the only question is timing," said a company official. "We're potentially looking into the teeth of a recession, and this may not be the time to do it. That whole subject is under very active study right now."

Detroit, Mich.-based Chrysler anticipates that vehicle sales in 1988 will be off less that 10% from last year and that there will be a mild recession in 1989. However, a mild recession in the car/truck market will mean a severe recession in the large van/wagon business, including the RV-chassis market, according to company sources. They point out that, traditionally, this market has been extremely cyclical, much more cyclical than the overall vehicle market.

"So, we're looking at the situation. We're watching it. We

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Private Labeling By Coast RV Targets Hitches

San Jose, Calif.-based distributor Coast RV Inc. is accelerating sales efforts for its privately labeled Husky trailer-hitch and hitch-parts line, with the intention of markedly increasing its share of the trailer-hitch and hitch-parts market, confirmed Coast RV officials.

"1988 is going to be the year of the hitch wars," declared Jeff Few, an engineer with Eaz-Lift Spring Corp., Mansfield, Texas, which manufactures the Husky brand for Coast RV.

Husky products are sold exclusively to Coast and are often simplified versions of existing Eaz-Lift products so that the manufacturer's costs are significantly reduced, explained Few. And Eaz-Lift is now expanding the Husky line to include a full range of individually packaged hitch components, he noted.

"That allows Coast's dealers to offer a very competitively priced, full line," said Few.

"We're very interested in hitches because it's not a cohesive market," added David Berger, Coast RV director of purchasing. "So many competing brands are confusing to customers."

Berger sees the current brand confusion as giving an advantage to Coast RV's individually packaged components bearing the easily identified Husky logo. "Many competing parts are shipped to retailers in bulk, and customers have to sort through things that aren't

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MARCH 25, 1988 TWO DOLLARS

RV BUSINESS

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COVER ILLUSTRATION: JODY EASTMAN

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DAB PERSPECTIVE

JANUARY SALES MOSTLY POSITIVE

GAYLORD MAXWELL

January 1988 started out with some very positive signs on the retail front, according to the Dealer Advisory Board (DAB), but there were also a few signs that weren't so positive.

Motorhome dealers, particularly the larger ones, had an exceptionally good month compared to January of last year, but all categories of towables and truck campers were off the pace in new units. However, used sales were up in three categories, and, in terms of dollars, well over half of DAB members reported increases. Larger dealers generally did better than smaller ones.

Profit ratings were quite mixed, but they tended to be a little more on the high side for both new and used units. It was the same story for service and accessory profits; there were very mixed reports, but with more dealers placing profits slightly on the high side. Bottom lines, however, didn't fare so well. The most frequently marked column was the poor one, but that is mostly typical for January.

About a third of DAB members indicated that lot traffic was high, as was the number of new buyers. Apparently, there were many lookers, and many of them were new to the RV marketplace, which is a very good sign.

These January figures should not be interpreted as greatly significant. One month, especially a month when weather can have a very great bearing on sales, does not set a trend. Yet, when four new-unit categories—including all three towable categories—showed negative figures for the month, one had to wonder. Hopefully, the February numbers will be greatly different.

Motorhomes

Eighteen of the DAB members stock motorhomes, and 12 were up in sales of new units in January. However, four of the largest dealers on the board accounted for 30 of the 36-unit January increase in sales. Most of the smaller dealers were close to, or slightly behind, the sales of last year. Indications were that the motorhome market was increasing, but that most of the new business was being conducted by fewer dealers—the big guys.

More than half of the motorhome dealers described profits as good on new units.

Travel Trailers

The new-trailer sales totals for the DAB in January were almost identical with those of last January. However, those totals don't reflect the fact that, this January, most smaller dealers were down from the previous year.

One of the very large dealerships on the DAB had an enormous unit increase, which brought the total up. The average DAB trailer dealer sold only 3.6 new units in January, compared to an average of six units for motorhome dealers.

Although the unit total wasn't large, used percentages were up. Trailer profits were very mixed, with ratings about equally distributed along the range from poor to excellent.

Truck Campers

For some inexplicable reason, DAB members who stock campers didn't fare well in January. The 48% decrease for new units compared to January of last year was somewhat misleading because it didn't represent many units, but the fact that only half as many units were sold this January compared to last year was striking. Yet, considering the rather good year that this RV type had in 1987, it isn't likely that this is setting a trend.

Used units fared quite well in contrast, with a 50% increase. Profits were rated as excellent.

Folding Camping Trailers

Most fold-down dealers on the DAB took it on the chin in January, particularly the large dealers who normally get impressive numbers at early shows. All were well behind last year's figures for new units. Used sales were slightly down as well. As with other categories, profit ratings were quite mixed, with about equal numbers o ratings from poor to excellent.

Fifth-wheels

As with other towables, this category dropped a few percentage points for the month. January traditionally is not a good fiver month, and this year was no exception. Six of the 16 DAB memers who stock fivers made no sales, and seven other sold only one unit each. Use sales were up slightly. Profi were mixed. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JAN. 1988	JAN. 1987	% CHANGE	1988	1987	% CHANGE	JAN. 1988	JAN. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	110	74	+49	110	74	+49	106	98	+ 8	106	98	+ 8
TRAVEL TRAILERS	75	76	− 1	75	76	− 1	66	54	+22	66	54	+22
TRUCK CAMPERS	11	21	−48	11	21	−48	10	5	+50	10	5	+50
CAMPING TRAILERS	64	91	−30	64	91	−30	7	8	−13	7	8	−13
FIFTH-WHEELS	21	24	−14	21	24	−14	12	10	+20	12	10	+20

	FOR MONTH			YEAR-TO-DATE		
	JAN. 1988	JAN. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$9,799,790	$7,884,278	+24	$9,799,790	$7,884,278	+24
TOTAL UNIT SALES	482	461	+ 5	482	461	+ 5
NEW-UNIT SALES	281	286	− 2	281	286	− 2
USED-UNIT SALES	201	175	+15	201	175	+15

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

QUARTERLY FORECAST

SHIPMENTS FORECAST TO PLATEAU IN '88

MORTON J. MARCUS

With this issue of *RV Business*, Indiana University's collaborative effort with TL Enterprises Inc., Agoura, Calif., presents a more detailed forecast for the RV industry. When these forecasts started, our efforts were limited to total RV shipments. Then, with some experience under our belts, we expanded to three categories (towables, motorhomes and van conversions). Now, with more refinement of our models, we are able to present still more detail. Below, readers will find a 1988 forecast for seven RV classifications.

This increased detail, we believe, will also increase the accuracy of our forecasts. To date, the record has not been bad; now, it could be even better.

FIGURE 1

1988 GROWTH RATES

(Quarterly percent changes at annual rates)

	1987:4	1988:1	1988:2	1988:3	1988:4
Real GNP	4.2	−2.4	2.0	4.2	4.5
Consumer spending	− 3.4	0.7	1.3	3.1	2.9
Business investment	− 3.6	3.4	5.6	8.1	8.6
Exports	16.2	8.3	8.8	8.7	8.2
Imports	6.3	1.0	3.2	3.2	4.0

FIGURE 2

KEY FACTORS IN 1988

	1987:4	1988:1	1988:2	1988:3	1988:4
Prime interest rate	8.8	8.4	8.2	8.2	8.5
Percent change at annual rates:					
Money supply (M-2)*	4.4	5.3	5.5	6.6	6.5
Consumer Price Index	3.6	4.0	3.5	3.6	3.8
Motor-fuel prices	0.6	8.6	7.3	6.2	5.0

**M-2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.*

The National Forecast

Did you miss it? Were you asleep when it happened? Or did it fail to happen at all?

The great, inevitable recession that was to follow the stock-market decline of Oct. 19, 1987, did not occur.

The current forecast anticipates a progressive improvement in the national economy during 1988. We expect that real gross national product (GNP), the broadest measure of economic performance adjusted for price movements, will advance by just 2%, compared to a 2.9% growth in 1987. The earliest part of 1988, for which we will have data very soon, is expected to come in with a decline in real GNP. That news will mislead some journalists, politicians and businesspeople into accepting the idea that we are in a recession. The first-quarter numbers will be low because we had some very high numbers at the end of 1987, which will not be repeated.

For example, in the last quarter of 1987, auto companies developed big inventories because they did not sell the cars they insisted on building. In the first quarter of 1988, production has been brought down to more reasonable levels, but it appears in our GNP data as a decline in activity.

Actually, as we view it, the economic performance of the nation is improving. Consumer spending seems to be picking up in the first quarter from a sluggish last quarter of 1987. As the year goes along, we expect consumer spending to improve still further. Add to this, the following:

- Business investments are expected to rise during 1988.
- Exports should do far better than imports.

Now, you have the economy of 1988 looking good—not great—but good. The year gets even stronger as we move toward 1989. *(See Figure 1.)*

This forecast is based on the belief that the Federal Reserve Board will keep the money supply growing moderately, thereby allowing interest rates to respond to market forces.

The improved economy will mean a continued downward trend in the unemployment rate. As labor markets tighten, there should be some upward movement in consumer prices, but the increase for the year will still average below 4%. Motor-fuel prices, which rose by 4% in 1987, are expected to rise by nearly 8% in 1988. *(See Figure 2 for the quarter-to-quarter numbers.)*

The RV Forecast

A mixed forecast for the RV industry for 1988 is clearly seen. *(See Figure 3.)* The industry shows virtually no change in shipments. The decline of 0.2% (800 units) is equivalent to statistical noise. The basic picture is upbeat for five of the seven types of RV units, but growth rates in virtually all cases are down.

After a strong 1987, in which shipments advanced by 34% (2,600 units), truck campers are expected to slow to a 22% (2,300 units) increase. In similar fashion, after growing by 23% (7,600 units), Class A motorhomes will slow down to a 12% growth rate, with an additional 4,900 units shipped in 1988.

The big-volume growth leader will be the 7,000-unit increase (16.6%) of shipments for folding-camping trailers. If realized, this will be an improvement over the 4,900 added units (a 13.1% growth rate) recorded by these popular towables in 1987.

The drag on the industry comes from just two sources. Travel trailers (which includes conventional units plus park models and fifth-wheels) are expected to have a 5% decline (down 4,900 units), which will bring their level back to about the same number of units shipped as in 1986. The biggest volume decline is anticipated in van conversions. This market, which hardly grew at all in 1987 (up just 600 units) is expected to fall by 11,600 units (6.4%) in 1988.

These differential growth patterns will have an impact on market shares. *(See Figure 3.)*

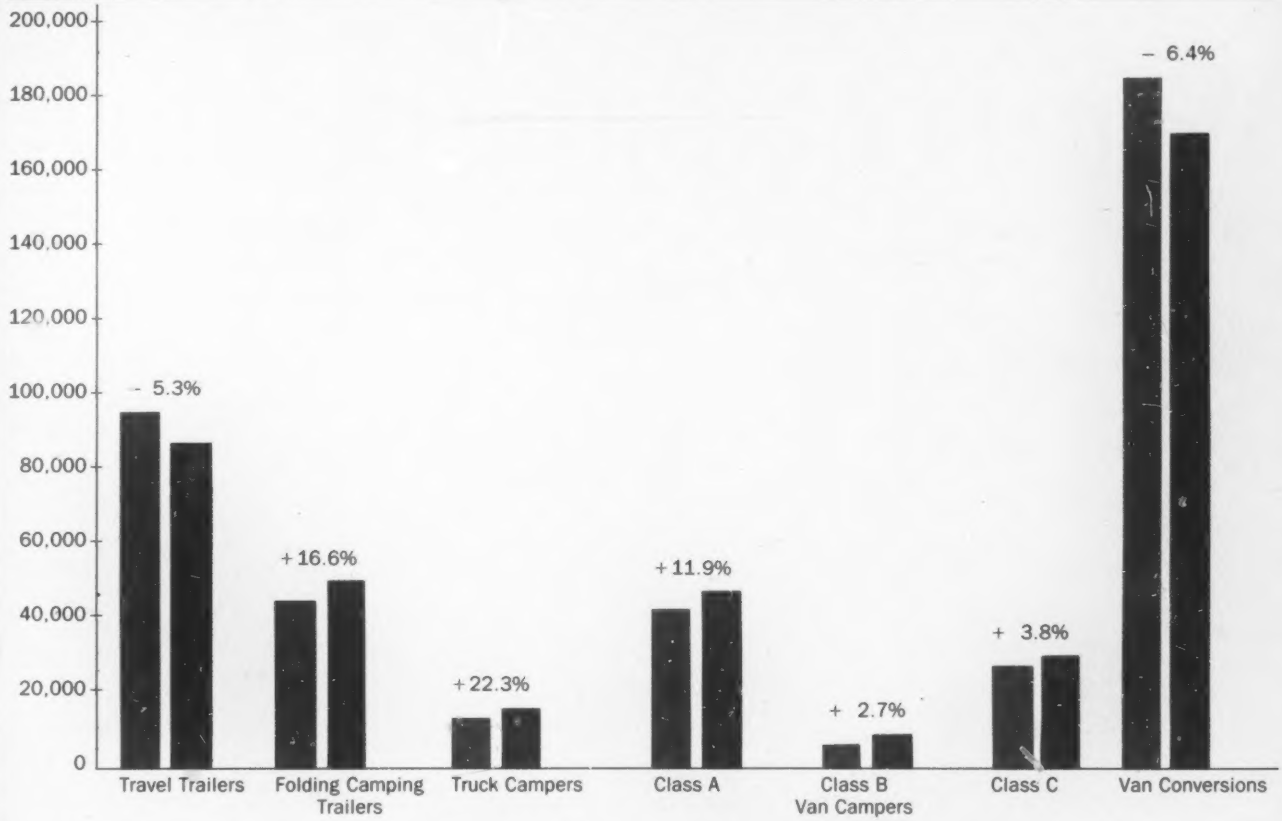
Just two years ago, it looked as if van conversions would exceed 50% of the market. Now, they seem to be in retreat as the market adjusts to changing consumer tastes.

Why are there such big variations in changes forecast for the different types of recreational vehicles? Answer: Each type of unit has responded differently to economic changes in the past, and our models consider these differential patterns in each forecast. The effect of interest rates for some types of units is far more important than for others. Changes in consumers' disposable income will be a critical factor for some classes of RVs, but of little significance for others. In a future article, we will detail these forces.

QUARTERLY FORECAST

FIGURE 4

RV SHIPMENTS FORECAST



ALL RVS

1987: 402,500
1988: 401,700

1987 to 1988
Percent Change: –0.2

Normally, we look to the second quarter for heavy shipments of RVs. April and May are the strongest months for many types of units. We do not doubt that those months will be strong again this year, but we wish to note that our model indicates that the second quarter will be the slowest of the year. *(See Figure 4.)* In a year that is almost perfectly flat, we expect that, after adjustment for normal seasonal factors, the second quarter will be the weakest of all. Then the pace should pick up, but only mildly.

FIGURE 3

GROWTH PATTERNS

	1987	1988
Towables	36.1%	37.2%
Motorhomes	18.6	20.3
Van conversions	45.3	42.5
Totals	100.0	100.0

A Peek Ahead

The advance indications for 1989 are for improved shipments, averaging about 4% better than 1988. The problem area for 1989 might be Class A motorhomes, if interest rates keep rising. We will report on that and other forces in the RV market when we have less mist in the crystal ball for 1989. That should be about the time of our next quarterly forecast—three months from now. Δ

FIGURE 5

RV SHIPMENTS FORECAST

(Quarterly data seasonally adjusted)

	1988:1	1988:2	1988:3	1988:4	Total
All RVs	100,300	99,300	100,200	101,900	401,700
Towables:					
Travel trailers	22,300	21,400	21,600	22,400	87,700
Folding camping trailers	11,900	12,200	12,500	12,700	49,300
Truck campers	3,000	3,100	3,200	3,300	12,600
Motorhomes:					
Class A	11,300	11,500	11,600	11,600	46,000
Class B van campers	1,800	1,900	1,900	2,000	7,600
Class C	6,700	6,800	7,000	7,100	27,600
Van conversions	43,300	42,400	42,400	42,500	170,600

Morton J. Marcus, director of the Indiana Business Research Center at the Indiana University School of Business, is an economic consultant to TL Enterprises Inc., Agoura, Calif. This forecast is based on the "Quarterly Outlook," prepared by the Indiana Econometric Model Project, R. Jeffery Green, director. The RV forecast was produced by Lee A. Craig and Marcus.

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COVER PHOTO: COURTESY OF TOLLYCRAFT YACHTS CORP., KELSO, WASH.

'88 SHIPMENTS OFF TO A SLOW START

MORTON J. MARCUS

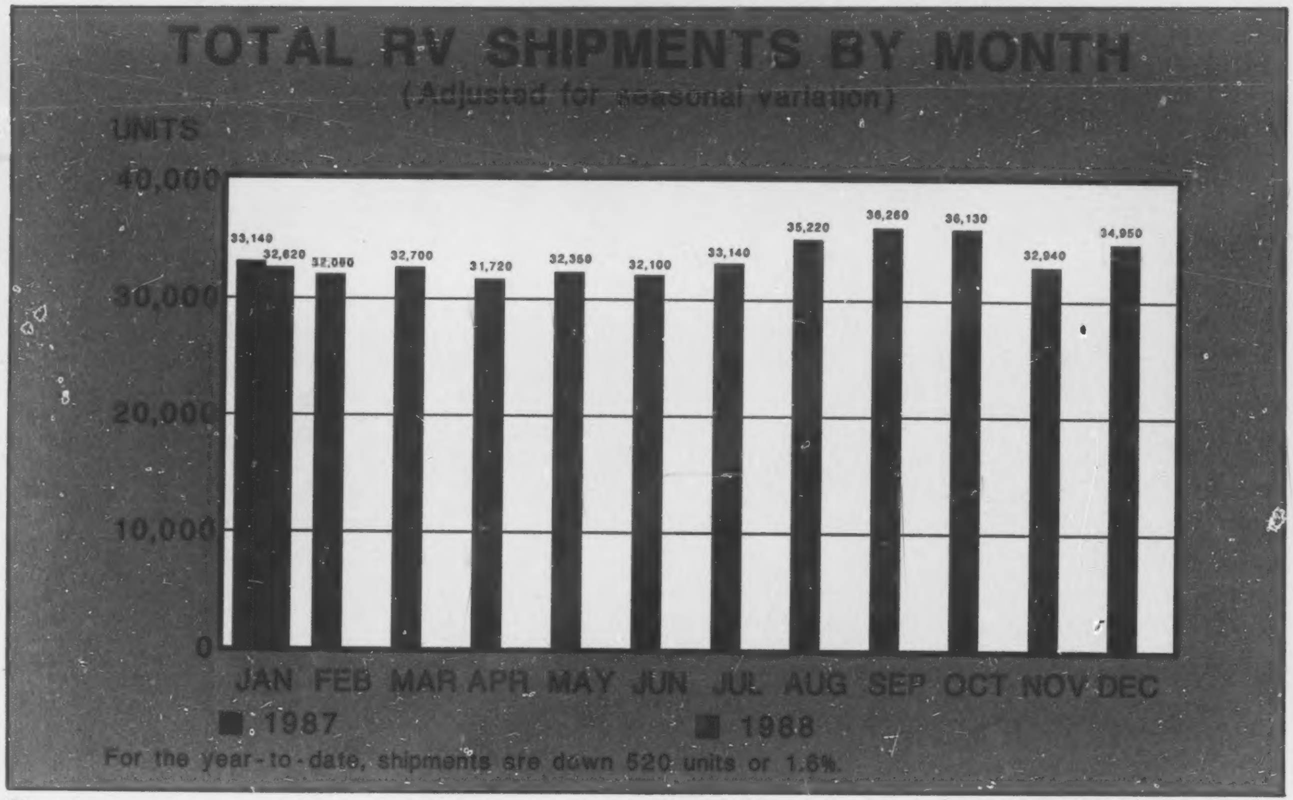

Figure 1

Is it worth writing this article each month? What if we could just take the RVIA shipment numbers for January and know the whole year ahead. Then we would have no need for monthly reports, all seasonally adjusted. As fortune-tellers, we could declare, "Give us a single number, and we will tell you all."

This is not idle speculation. Afterall, there are stock market "technical" analysts who will tell you that, as the first week of January goes, so goes the year. Or, that as the month of January goes, so goes the year. Or, that the winner of the Super Bowl is a predictor of stock market performance.

Why can't we have a similar, simple forecasting device for RV shipments?

What if the month of January were a constant share of the year? Then we could take January shipments, multiply by some factor and have the total for the year. For example, in 1987, January shipments were 5.3% of the annual total; our magic multiplication factor would then be 18.9. In 1979, however, January shipments were 10.2% of the annual total; our fantastic factor would have been 9.8.

Now, which is it to be: 9.8 or 18.9? If RVIA reports 30,000 units shipped in January, and we use the 1987 multiplication factor, then total shipments would be 294,000 units; however, with the 1979 factor, they would be 567,000. This doesn't seem to be a very reliable forecast tool.

So let's say that, in our search for a simple answer to divining the future, we look at the percent change in the January number from the same month a year earlier. Assume that this would give us a strong indication of the trend for the year.

Unfortunately, it is clear from the data that there is no close relationship between the changes of January and the changes of the year. Eight times in the last 20 years, January was down from the same month a year earlier. In five of those instances, the year as a whole was also down. But, in three cases, the year was up. Twelve times in those 20 years, January was up from a year earlier—but three times, the year was a downer. *(See Figure 3.)*

Basically, the January percent change is a false predictor of the direction of the year ahead about 40% of the time. Now, if being right 60% of the time is good enough for you, then you can write off 1988 as a down year.

Industry Shipments

When adjusted for the usual seasonal variations, there were 32,620 units shipped in January. That is a decline of 520 units, or a 1.6% drop, from January 1987. *(See Figure 1.)*

To make the picture even more bleak, the January shipments were down by more than 2,300 units (a 6.7% decline) from the closing month of 1987. The entire gain of 2,000 units in December was lost, and the industry fell below its stock market shock-response level of shipments in November 1987.

For the past three months, shipments have averaged 33,500, which is down about 7% compared with an average of 35,900 units from August to October.

The Detailed View

The detailed view of the in-

Market Share by Type of Unit

Year-to-date, adjusted for seasonal variation

	1988	1987
TOTAL RVs	100.0%	100.0%
Travel Trailers:		
Conventional	14.4	16.2
Park Models	2.1	1.8
Fifth-wheels	8.3	6.3
Folding Camping Trailers	12.5	10.1
Truck Campers	2.2	2.7
Motorhomes:		
Class A	8.8	8.7
Class B Van Campers	0.8	1.7
Class C:		
Minis	4.4	4.7
Low Profile	0.4	0.8
Micro-minis	0.4	1.5
Multi-use Van Conversions	45.6	45.5

Detail may not add to total because of rounding.

Figure 2

dustry is no more cheery. *(See Figure 4.)* Only two types of units showed improvements from December to January. Park models added 200 units, for a 41% increase, and Class B motorhomes had a minor gain of just more than 1%.

Comparison of Percent Changes in RV Shipments

Year	January Shipments	Annual Shipments
1968	46.2%	36.3%
1969	9.6	20.3
1970	−17.5	−5.1
1971	38.1	18.6
1972	32.6	29.2
1973	25.4	−9.3
1974	−72.8	−44.1
1975	39.0	14.8
1976	98.2	59.3
1977	4.3	−1.3
1978	−12.7	−2.9
1979	5.7	−40.6
1980	−49.2	−41.1
1981	−6.3	31.8
1982	−0.7	7.9
1983	62.2	38.8
1984	20.8	11.2
1985	−0.3	−9.8
1986	11.4	0.8
1987	34.2	10.6

Figure 3

All other types of units were down, led by a decline of more than 700 units (a 19% fall) in Class A motorhomes and a 500-unit drop (a decline of nearly 10%) in conventional travel trailers.

When compared with January of a year ago, which is what a comparison of year-to-date numbers does at this point of the year, folding camping trailers showed some strength, advancing 700 units (about 21%), and fifth-wheels climbed by more than 600 units (nearly 30%). Park models and truck campers also showed some improvement vs. the same month a year ago.

But with the exception of Class A motorhomes, which equaled their January 1987 performance, all other types of RVs were off from the same month a year ago.

In brief, towables moved ahead in market share for January, going from 37.1% of the market in 1987 to 39.5%. The offsetting decline was in motorhomes' share, which slipped from 17.4% to 14.8% of the market. Van conversions remained steady at about 45.5% of the market. *(See Figure 2.)*

What Does It Mean?

It is too early to give significance to the January shipment data. The falling figures could be a continuation of the slippage, which began in November following the stock market decline of October. There is always the possibility that January's slow start will herald a sluggish year. It is more likely, however, that these data are the industry's cautious response to an uncertain outlook for 1988.

As noted above, January does not have a strong record as an indicator for the year. January may turn out to be only a temporary hesitation, as manufacturers and dealers await a clearer resolution of the market potential of 1988. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	JANUARY 1988	PERCENT CHANGE FROM DEC.'87	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
TOTAL RVs	32,520	-6.7	32,520	33,140	-1.9
Travel Trailers:					
Conventional	4,700	-9.9	4,700	5,380	-12.6
Park Models	680	41.1	680	580	17.3
Fifth-wheels	2,710	-4.3	2,710	2,100	29.5
Folding Camping Trailers	4,070	-10.3	4,070	3,360	21.1
Truck Campers	730	-19.4	730	880	-17.0
Motorhomes:					
Class A	2,880	-19.4	2,880	2,880	0.0
Class B Van Campers	270	1.2	270	560	-50.9
Class C:					
-Mini	1,440	-15.4	1,440	1,560	-7.6
-Low Profile	140	-13.6	140	270	-49.4
-Micro-mini	130	-47.7	130	500	-74.7
Multi-use Van Conversions	14,860	-1.1	14,860	15,060	-1.3

Detail may not add to total because of rounding.

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

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TWO DOLLARS

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A GUIDE TO FIRE EXTINGUISHERS 39
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Supplier Costs Put Pressure On RV Prices

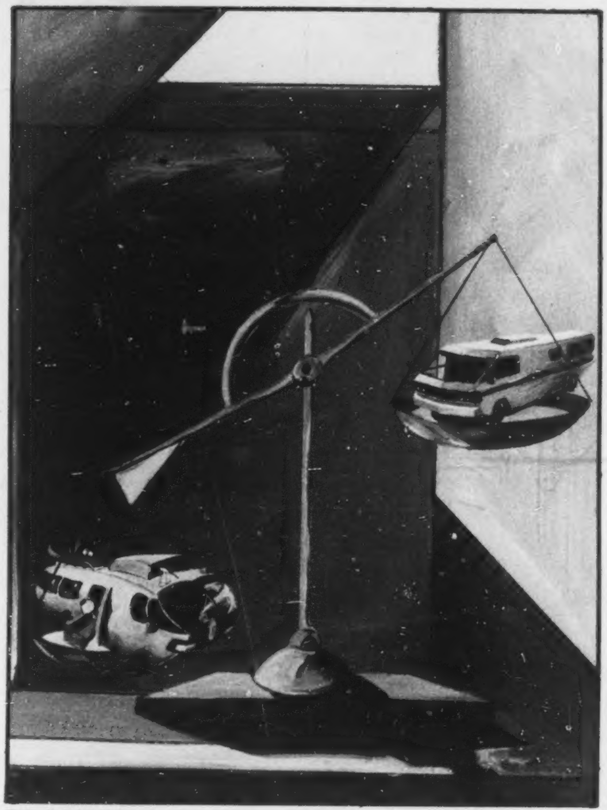
RV manufacturers, feeling the pinch of rising supplier prices, may have no choice but to hike wholesale prices this year, according to industry sources.

Escalating aluminum costs are having the greatest impact, but other basics—including copper, fiberglass, foreign steel and finished chassis—are mirroring the same upward price trend.

"Aluminum prices, ever since a year-ago fourth quarter, have escalated dramatically," reported Bud Stout, vice president and Northeast regional manager for Fabwel Inc., Elkhart, Ind. "And there's no end in sight right now. It seems as if we're seeing increases every month. It's a supply-and-demand situation worldwide, and, right now, demand is outstripping supply." Stout sets the total increase in aluminum prices between Dec. 1, 1986, and March 1, 1988, at 33%.

Contributing to the tight aluminum supply is the fact that many raw-material suppliers eliminated inefficient production facilities in recent years because aluminum prices were so depressed, according to Mel Tennant, general sales and marketing manager for Alumax Fabricated Products Inc., Riverside, Calif. In the middle of 1987, the mills began passing along cost increases to fabricators such as Alumax, he said, and the fabricators have had no choice but to follow suit, raising prices be-

continued on page 11



OVERLOADING: Although some manufacturers are increasing efforts to reduce the overloading potential of units, they say that dealers remain key to appropriate consumer sales and education. A brief guide to terms and procedures involved in determining weight capacities is included to help further dealer efforts. See page 22.

RVIA Reports Gains on RV Special Licensing Front

Diane Farrell, vice president of government affairs for RVIA, reported that the association has made significant progress in efforts to have RV drivers exempted from state statutes requiring special driver's licensing for operators of large vehicles.

Since the resump [illegible] of state legislative activity in January, four states—Indiana, Montana, Tennessee and Virginia—have reviewed their commercial licensing requirements and determined that an automobile driver's license will be sufficient for driving or towing an RV.

Emphasizing another positive development, Farrell said that officials of the California Department of Motor Vehicles have decided to postpone their study of RV special licensing until 1989 and, instead, will concentrate this year on enacting legislation that applies only to commercial vehicles.

Although Farrell noted that bills are currently pending in both Michigan and New Jersey that could include certain RVs in special licensing statutes, she said that efforts are underway in those states to head off any RV special licensing provisions.

Commenting on pending Michigan legislation, SB 700, Lynwood Wellhausen, director of the Michigan Association of Recreational Vehicles and Campgrounds (MARVAC), said, "We have already had some preliminary talks with the Senate committee members, and they have told us they would view the amendment favorably because they never intended for RVs to be included in the special licensing law that is now being proposed. They said it was their intent to have the law apply to commercial vehicles only."

Despite these encouraging developments, Farrell stressed that she remains cautious in expressing optimism about the future of the special licensing issue. "We have been very successful so far this year," she said, "but it is next year that will really be the pivotal year. Many of the state administrators are still studying this issue and they have not decided exactly how to approach it. While we have se[illegible] some early decisions mad[illegible] our favor, there is a lot o[illegible] yet to be done." ∆ [illegible] *Longsdorf Jr.*

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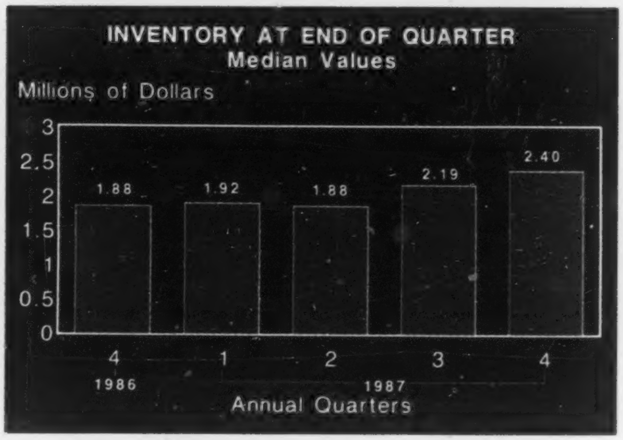

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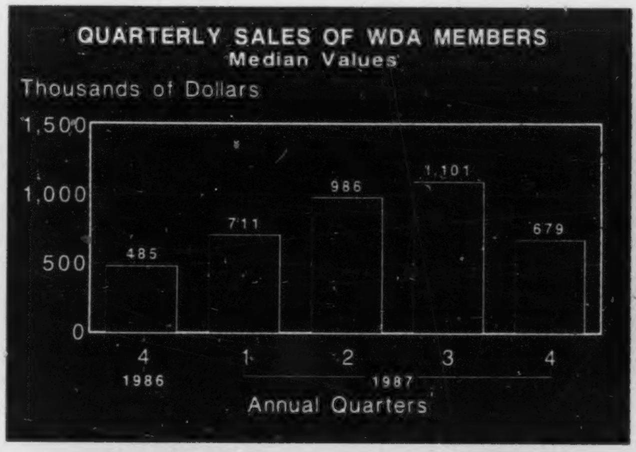
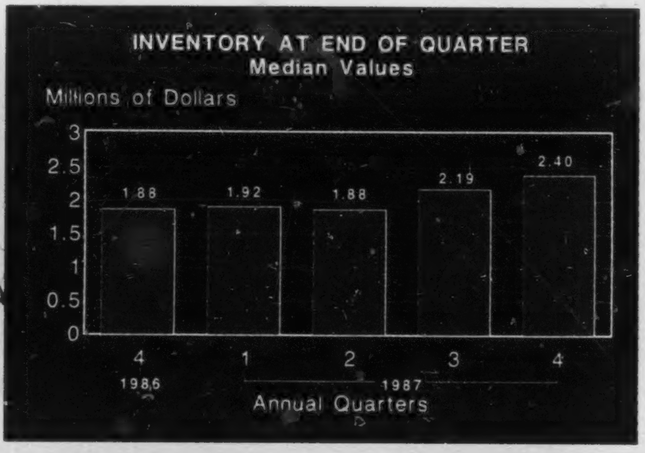
COVER ILLUSTRATION: TOM DILLON

AFTERMARKET PERFORMANCE IMPROVES AT END OF '87

MORTON J. MARCUS


QUARTERLY SALES OF WDA MEMBERS
Median Values


INVENTORY AT END OF QUARTER
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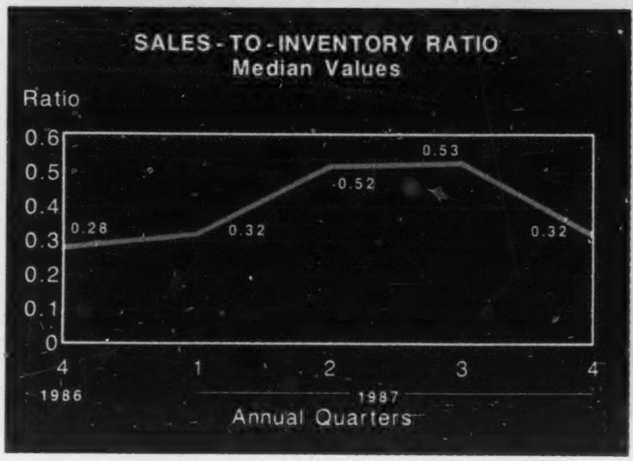
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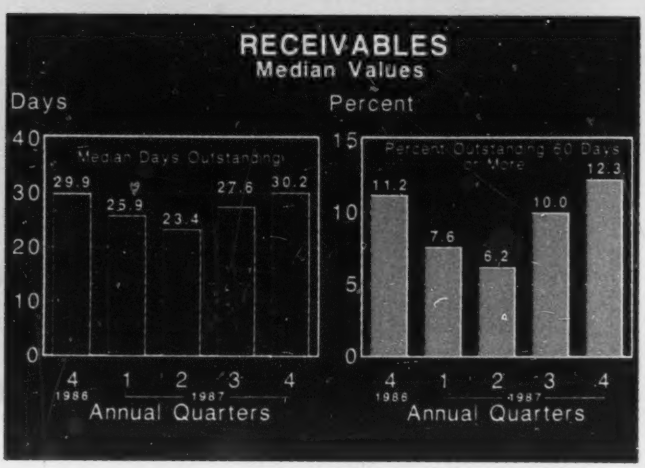
RECEIVABLES
Median Values

The Warehouse Distributors Association (WDA) members who participate in the voluntary quarterly statistical survey on a regular basis reported an increase in sales for the final quarter of 1987.

Total sales indicated by these 27 continuously reporting firms climbed from $24.5 million in the fourth quarter of 1986 to $29.4 million at the close of 1987. That is a 20% increase.

These data are particularly meaningful because they are for the very same firms that reported in both quarters. Half of these firms reported sales of $679,000 in the fourth quarter of 1987, a 12% increase from the $606,000 median value that they indicated in the final quarter of 1986.

This improvement is a more reliable indicator than the data for *all* respondents (including those firms that do not choose to participate in each quarter). As shown in Figure 1, the median value for *all* firms for the fourth quarter of 1987 was 40% higher than in the fourth quarter of 1986, but, without the same firms reporting, that result is suspect. Good data requires continuity over time!

As would be expected due to normal seasonal variation, sales in the fourth quarter declined sharply from the high levels of the second and third quarters. Once this survey of WDA members has been in existence for a few years (it started in 1986 in its current form), all the data can be adjusted for the normal seasonal variations which characterize the industry.

Inventories of WDA members who reported in both years rose by 7.8% from the fourth quarter of 1986 to the same quarter in 1987. This modest increase in inventories, which was less than the rise in sales, meant that the ratio of sales of inventory for those firms reporting every quarter rose from 0.31 to 0.28 in the year. As can be seen from the data for *all* firms in Figure 3, the sales-to-inventory ratio rose during the heavy sales period of the middle quarters in the year. However, the sales-to-inventory ratio fell again as sales declined from their peak in the fourth quarter.

Median days for receivables edged up in the fourth quarter, rising to more than 30 days. Days receivable had approached this level (29.9 days for *all* firms) a year earlier, although *continuously reporting* firms reported that days receivable were less than 28 days at the close of 1986.

Percent of Annual Sales (by quarter)

	1986	1987
Jan. to March	18.7%	19.4%
April to June	32.8	33.0
July to Sept.	28.3	28.3
Oct. to Dec.	20.2	29.3

As would be expected, there was a corresponding increase in the percent of receivables that were in excess of 60 days in the fourth quarter: The increase recorded for *all* firms went from 11.2% in the last quarter of 1986 to 12.3% for the fourth quarter of 1987.

Added Observations

Because of the good cooperation from a small group of WDA members over the entire two years of this survey (cooperation which, it is hoped, will spread throughout the industry), it is possible to give a partial view of the industry during these two years. There were 17 firms that reported data in each of the eight quarters during 1986 and 1987

The stability of seasonal patterns in sales can be seen in the chart above.

There is some evidence in the data that smaller firms experience more seasonal fluctuation in sales than do the larger establishments. The small size of the sample, however, makes us hesitant to declare that tendency to be a fact. With more firms participating, we could draw a stronger conclusion.

Another observation, which is tempered by the fact that only 17 firms participated in every quarter, is that smaller firms (those with sales less than $2 million per year) tended to have lower sales in 1987 than in 1986, while the medium- and larger-size firms showed advances in 1987 over 1986. But smaller firms also showed a marked improvement in sales-to-inventory ratios compared to larger firms. Less favorable was the tendency for small firms' percent of receivables to grow from 20 days on the average in 1986 to 24 days in 1987 Medium- and large-size firms cut the percent of receivables over 60 days between 1986 and '87, dropping from about 10.5 days in 1986 to 8.8 days in 1987.

These and other detailed analytic statements are possible only when enough firms participate in each quarter. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. WDA aftermarket data are obtained from the confidential reports returned voluntarily by member-firms for tabulation by the research center at the university. Each participating WDA member receives a private report in which that firm's record for the past five quarters is compared with industry averages.

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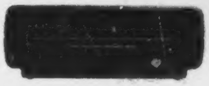
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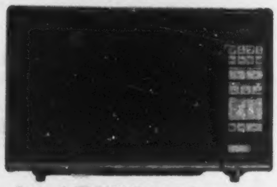
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DAB REPORTS SALES PICTURE IS 'BRIGHT'

GAYLORD MAXWELL

The overall RV retail sales picture is bright. That's what *RV Business'* Dealer Advisory Board (DAB) reported for the month of February. Sales for the 24 board members were better than they were in the corresponding month of the preceding year, both in dollars taken in and units delivered. Several dealers set new February sales records.

Not everyone shared in the bounty, however.

Motorhomes were up tremendously, but fifth-wheels were the exclusive towable type that managed to get into the plus column.

Sales reports for used units presented a different picture. With the exception of camping trailers, all categories were up. Year-to-date, the picture was about the same.

Overall, new unit profits weren't great—with most ratings in the fair to good columns. Even used-unit ratings, which are normally excellent, were off the pace. The service-and-accessory business was quite good. Bottom lines received very mixed ratings, with about equal distribution in the columns from poor to excellent.

About half of the DAB members rated their new-unit inventories high; the rest rated them average. No one rated his used inventory high. Quite the opposite, half reported it low—a condition that might keep used prices high this spring and summer. Lot traffic apparently varies enormously around the country. However, 25% of our DAB members rated it high—a very good sign for the months to come.

Our DAB reports for February and for the year-to-date suggest that there's a banner year in the making for motorhome dealers—particularly big dealers. Trailer dealers, though, may find the road rocky.

Motorhomes

Motorhome sales in the first two months of '88 indicated that this will be an exceptionally good year for that RV type. However, as indicated above, not every motorhome dealer is sharing the larger pie. Indeed, in February, only half of the DAB members who stock them had a new-unit sales increase. Many of the big guys were apparently on a "roll," while many of the smaller fellows were lucky to maintain status quo with last year.

New motorhome profits were a bit on the weak side, with about half of our DAB members grading them only fair. Three rated them poor, and only one called them excellent. It would appear that some of the sales increase has been somewhat offset by a decrease in grosses.

Travel Trailers

Trailer dealers generally are having trouble keeping up with last year's new-unit sales. The fact is that most are not; even the big guys are running behind. The market hasn't collapsed by any means, but it is definitely on the sluggish side.

The used-trailer picture was better—at least in terms of unit sales, which are up from last year.

Contrary to the unit-sales picture, trailer profits were generally good with a few dealers marking them excellent.

Truck Campers

Campers didn't get off to a good start with the few DAB dealers who stock them. Both for this February and the year-to-date, the percentage figures were negative. However, our numbers were so small that just a few units one way or another affect the picture a great deal.

Used campers seemed to be selling well, and profits were good or excellent.

Camping Trailers

Total sales of new folding camping trailers for the DAB lagged considerably behind last year. However, a disastrous beginning for one of our largest board members accounted for much of the drop. Also, small numbers at this time of the year tend to distort the real picture. Actually, most DAB members who stock fold-downs were running neck-and-neck with last year.

Profits were rated fair to good.

Fifth-wheels

Although new-unit sales were down three units from last February, the most serious fiver dealers on the DAB did very well. The fact is that many dealers stock and sell only a few units per year, whereas a few of our board members get some impressive numbers in a year's time. The success or failure of the latter tells the story.

Profits were about equally distributed from fair to excellent. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	FEB. 1988	FEB. 1987	% CHANGE	1988	1987	% CHANGE	FEB. 1988	FEB. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	157	115	+37	267	185	+44	138	119	+16	241	220	+10
TRAVEL TRAILERS	96	112	−14	169	188	−10	104	95	+ 9	169	154	+10
TRUCK CAMPERS	13	15	−13	24	36	−33	14	11	+27	24	18	+33
CAMPING TRAILERS	68	86	−21	132	176	−25	23	32	−28	29	39	−26
FIFTH-WHEELS	33	36	− 8	48	45	+ 7	20	17	+18	27	27	+ 0

	FOR MONTH			YEAR-TO-DATE		
	FEB. 1988	FEB. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$11,524,824	$10,819,824	+7	$21,911,208	$18,603,711	+18
TOTAL UNIT SALES	666	638	+4	1,130	1,088	+ 4
NEW-UNIT SALES	367	364	+1	640	630	+ 2
USED-UNIT SALES	299	274	+9	490	458	+ 7

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Deeson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Denny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lombard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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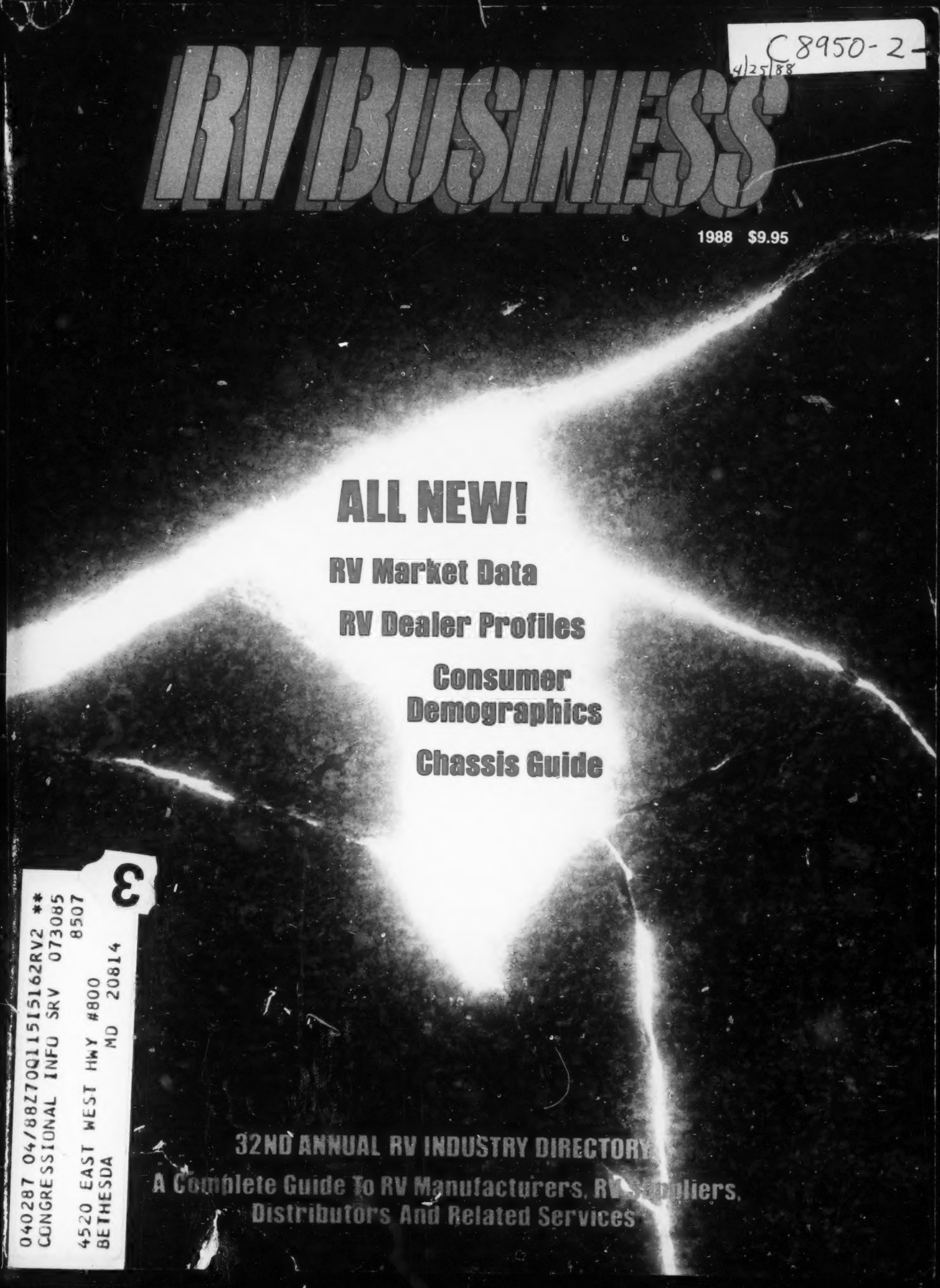

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RV Market Data

RV Dealer Profiles

Consumer Demographics

Chassis Guide

32ND ANNUAL RV INDUSTRY DIRECTORY

A Complete Guide To RV Manufacturers, RV Suppliers, Distributors And Related Services

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Cover Photo: Paul Pribble

Market Profiles and Demographics

JOHN SCHUG

The following is a profile of each of seven distinct segments that make up today's RV market—Class A motorhomes, Class C motorhomes, travel trailers, fifth-wheel travel trailers, folding camping trailers, van conversions and pickup campers.

Each profile includes an overview of the particular market and a data section encapsulating the basics of each market—owner demographics, RV usage and purchase patterns. All data is presented as either a percentage of the total group or as a median, representing the typical person in each group. The data sections utilize the same format, so the similarities and differences among the groups may be compared and analyzed.

The data in this report is based on the findings of the *1986 RV Market Study,* conducted by John Schug Media Research in conjunction with Indiana University. The comprehensive study used a random sampling of RVers throughout the United States and was prepared by John Schug Media Research exclusively for this special *RV Business Industry Directory* report.

The Class A Motorhome Market

With an annual household income of more than $37,000, the Class A motorhome owner is among the most affluent of RVers. He is among the most independent as well: About half of all Class A motorhome owners are retired, and 70% have no children living with them.

The Class A motorhome owner travels more than most other RVers, using his RV primarily for longer trips instead of weekend getaways. He is also more likely to use his RV year-round than other RVers.

At an average purchase price (combining new and used) of $20,200, the typical Class A motorhome costs almost 50% more than the next most-expensive RV—Class C motorhomes. Forty-nine percent of all motorhomes were purchased new, and about half of all motorhomes were purchased in the past three years.

OWNER PROFILE

Age	60 years
Retired	49%
Not retired	51%
Married	90%
Have children living at home	30%
No children at home	70%
College educated	53%
Live in city/suburbs	44%
Live in town/rural area	56%
Annual household income	$37,200

RV USAGE

Days spent RVing in past year	37 days
Miles driven while RVing in past year	5,700 miles
RV trips taken in past year	5 trips
Use RV primarily for:	
weekends/holidays	23%
trips/vacations	35%
both weekends & vacations	42%
Use RV year-round	56%
Use RV only in certain seasons	44%

THE RV

Year RV was purchased:	
1984 or later	47%
1980-83	31%
1979 or before	22%
Purchased new	49%
Purchased used	51%
Approximate purchase price	$20,000

The Class C Motorhome Market

Demographically, the Class C motorhome owner is the same person as the Class A motorhome owner—the only difference is that the Class C owner is slightly less affluent (but still well-above average in income).

Similarly, the usage patterns for Class C's are virtually identical to those of Class A motorhomes. The typical Class C is driven 5,700 miles a year . . . is taken on five trips a year . . . is used primarily for trips and vacations . . . and is enjoyed year-round.

The only real difference between the Class A motorhome and Class C motorhome markets lies in the vehicles themselves. While some Class C owners are attracted to the lower cost of the Class C, the owners preference for a more compact RV is probably also an important factor in Class C purchases.

OWNER PROFILE

Age	59 years
Retired	45%
Not retired	55%
Married	89%
Have children living at home	37%
No children at home	63%
College-educated	51%
Live in city/suburbs	46%
Live in town/rural area	54%
Annual household income	$34,300

RV USAGE

Days spent RVing in past year	34 days
Miles driven RVing in past year	5,700 miles
RV trips taken in past year	5 trips
Use RV primarily for:	
weekends/holidays	21%
trips/vacations	32%
both weekends & vacations	47%
Use RV year-round	56%
Use RV only in certain seasons	44%

THE RV

Year RV was purchased:	
1984 or later	37%
1980-83	34%
1979 or before	29%
Purchased new	44%
Purchased used	56%
Approximate purchase price	$14,300

The Travel Trailer Market

Of the full-size RVs, the travel trailer is used more for weekends than for longer trips. It is used fewer days and driven fewer miles than any other major type of RV. Only 28% of travel trailer owners use their RV year-round.

The travel trailer market is the broadest-based of all RV types. In addition to enthusiasts, the market also includes occasional RVers and other buyers attracted by the trailer's low cost—the typical travel trailer in the study costs $4,900, and 65% of all trailers were purchased used.

With an annual household income of $29,800, the travel trailer owner is among the least affluent of RVers. He is also the most likely to live in a small town or rural area—only 30% of travel trailer owners live in cities or suburban areas.

OWNER PROFILE

Age	56 years
Retired	40%
Not retired	60%
Married	92%
Have children living at home	40%
No children at home	60%
College-educated	45%
Live in city/suburbs	30%
Live in town/rural area	70%
Annual household income	$29,800

RV USAGE

Days spent RVing in past year	24 days
Miles driven RVing in past year	2,000 miles
RV trips taken in past year	3 trips
Use RV primarily for:	
weekends/holidays	40%
trips/vacations	29%
both weekends & vacations	31%
Use RV year-round	28%
Use RV only in certain seasons	72%

THE RV

Year RV was purchased:	
1984 or later	43%
1980-83	30%
1979 or before	27%
Purchased new	35%
Purchased used	65%
Approximate purchase price	$4,900

The Fifth-Wheel Travel Trailer Market

The fifth-wheel owner is the oldest of all RVers and has the lowest annual income ($26,800). But he is also the most independent of all RVers—52% of fifth-wheel owners are retired, and 76% have no children living at home.

With this independence comes a high-rate of RV usage. Fifth-wheel owners spend more days RVing than any other group, and 12% of all fifth-wheel owners are full-time RVers. This makes fifth-wheels by far the most popular type of full-time RV.

More than half of all fifth-wheel buyers purchased their RVs new, making fifth-wheel trailers the only type of full-size RV more likely to be purchased new than used. In addition, the fifth-wheel fleet on the road is the youngest—55% of all fifth-wheel travel trailers were purchased in the past three years.

OWNER PROFILE

Age	61 years
Retired	52%
Not retired	48%
Married	93%
Have children living at home	24%
No children at home	76%
College-educated	39%
Live in city/suburbs	32%
Live in town/rural area	68%
Annual household incomd	$26,800

RV USAGE

Days spent RVing in past year	49 days
Miles driven RVing in past year	3,500 miles
RV trips taken in past year	4 trips
Use RV primarily for:	
weekends/holidays	26%
trips/vacations	29%
Both weekends & vacations	45%
Use RV year-round	37%
Use RV only in certain seasons	63%

THE RV

Year RV was purchased:	
1984 or later	55%
1980-83	23%
1979 or before	22%
Purchased new	54%
Purchased used	46%
Approximate purchase price	$10,500

The Folding Camping Trailer

As the lowest-priced RV and the most "occasional" in purpose, the folding camping trailer attracts a type of buyer quite different from the average RVer. The buyer represents the youngest segment of the market by far (with most owners in their 30s and 40s), the most family-oriented (79% of all owners have children living at home) and the highest-educated (66% of all owners attended college). Folding camping trailer owners are also among the most affluent in RVing.

Purchased primarily for weekend trips and short vacations, the folding camping trailer is the least-often used of all RV types. In a typical year, the folding camping trailer is used for 13 days . . . towed 1,900 miles . . . taken on three trips . . . and used only seasonally.

OWNER PROFILE

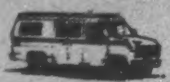
Age	42 years
Retired	11%
Not retired	89%
Married	94%
Have children living at home	79%
No children at home	21%
College-educated	66%
Live in city/suburbs	39%
Live in town/rural area	61%
Annual household income	$36,200

RV USAGE

Days spent RVing in past year	13 days
Miles driven RVing in past year	1,900 miles
RV trips taken in past year	3 trips
Use RV primarily for:	
weekends/holidays	49%
trips/vacations	30%
both weekends & vacations	21%
Use RV year-round	12%
Use RV only in certain seasons	88%

THE RV

Year RV was purchased:	
1984 or later	35%
1980-83	35%
1979 or before	30%
Purchased new	37%
Purchased used	63%
Approximate purchase price	$2,000



The Van Conversion Market

With a median income of $37,800, van conversion owners are the most affluent group in RVing. Somewhat younger and better educated than most RVers, van conversion owners are also the most likely to live in a city or metropolitan area—perhaps because the compact size and dual-purpose nature of the van conversion make it a perfect RV for urban areas.

Since it can be used for both RVing and daily transportation, the van conversion is used much more than any other type of RV. The typical van conversion owner uses his RV more than 100 days a year . . . drives it almost 9,000 miles . . . and uses it year-round. But it is important to remember that this frequent usage is not all recreational in nature, as most owners use their van conversion for all types of travel.

OWNER PROFILE

Age	49 years
Retired	30%
Not retired	70%
Married	84%
Have children living at home	53%
No children at home	47%
College-educated	63%
Live in city/suburbs	59%
Live in town/rural area	41%
Annual household income	$37,800

RV USAGE

Days spent RVing in past year	104 days
Miles driven RVing in past year	8,900 miles
RV trips taken in past year	5 trips
Use RV primarily for:	
weekends/holidays	21%
trips/vacations	17%
both weekends & vacations	62%
Use RV year-round	67%
Use RV only in certain seasons	33%

THE RV

Year RV was purchased:	
1984 or later	39%
1980-83	33%
1979 or before	28%
Purchased new	58%
Purchased used	42%
Approximate purchase price	$11,000

The Truck Camper Market

Of all RV types, the truck camper is most used in conjunction with other forms of outdoor recreation. Half of all owners use their truck campers for hunting or fishing, and one in three also tows a boat.

Used for both weekend and vacation trips, the typical camper is taken on five trips a year and used a total of 28 days. About half of all truck campers are used year-round, and half are used seasonally—primarily in June, July and August.

Forty-six percent of all truck camper owners live in a metropolitan area, and one in three owners lives in a major city. The typical camper owner is 50 years old, married, college-educated and has an average household income of $35,000—almost equal to that of motorhome owners.

OWNER PROFILE

Age	50 years
Retired	85%
Not retired	15%
Married	92%
Have children living at home	42%
No children at home	58%
College-educated	59%
Live in city/suburbs	46%
Live in town/rural area	54%
Annual household income	$35,000

RV USAGE

Days spent RVing in past year	28 days
Miles driven RVing in past year	4,600 miles
RV trips taken in past year	5 trips
Use RV primarily for:	
weekends/holidays	40%
trips/vacations	16%
both weekends & vacations	44%
Use RV year-round	51%
Use RV only in certain seasons	49%

THE RV

Year RV was purchased:	
1984 or later	37%
1980-83	26%
1979 or before	37%
Purchased new	39%
Purchased used	61%
Approximate purchase price	$3,600

RV Dealer Profile

Facts and Figures About America's RV Dealerships

JOHN SCHUG

To learn more about America's RV dealers—who they are, what they sell, and what influences them—*RV Business* magazine recently commissioned a major industry study. The study was conducted by John Schug Media Research in November 1987.

The composite results of the study show that today's typical RV dealership is a relatively small business with seven employees and annual RV sales of less than $2 million.

THE TYPICAL RV DEALERSHIP . . .

- has one location
- has 7 employees
- sells RVs, parts and service
- sells 5 types of RVs
- sells 3-4 brands of RVs
- sells 80 new RVs annually
- sells 50 used RVs annually
- sells $1,944,400 worth of RVs a year
- services 206 RVs a year
- derives 92% of sales volume from RV-related sales

Of course, there really is no "typical" RV dealership—America's 10,000-plus RV dealers represent a wide variety of individual businesses that vary greatly in location, size and sales. To better understand this diverse group of businesses, the following data profiles today's RV dealerships in several ways.

Who They Are

LOCATION(S) OF DEALERSHIP	% OF DEALERS
Small town	32%
Rural/farm	20%
City or suburb	52%

NUMBER OF LOCATIONS	
1	84%
2	12%
3 or more	4%

SERVICES OFFERED	
New RV sales	95%
Used RV sales	98%
Accessory/equipment sales	92%
RV service	95%

NUMBER OF EMPLOYEES	
5 or less	35%
5-9	30%
10-19	19%
20 or more	16%

ANNUAL SALES VOLUME—RV UNITS	
$500,000 or less	24%
$500,000-$2,999,999	45%
$3,000,000-$4,999,999	12%
$5,000,000-$9,999,999	11%
$10,000,000 or more	8%

OTHER PRODUCTS SOLD	
Sell RVs exclusively	47%
Cars	21%
Trucks	21%
Vans	17%
Camping equipment	16%
Boats	8%
Motorcycles/snowmobiles/ATVs	6%

What They Sell

TYPES OF RVS SOLD	% OF DEALERS
Travel Trailer	84%
Fifth-Wheel Travel Trailer	74%
Class A Motorhome	62%
Class C Motorhome	68%
Folding Camping Trailer	51%
Truck Camper/Truck Cap	48%
Van Conversion	25%

NUMBER OF BRANDS SOLD	
1	16%
2	22%
3	20%
4	16%
5 or more	26%

ANNUAL UNIT SALES—NEW RVS	
25 units or less	18%
25-49	18%
50-99	23%
100-199	23%
200-299	9%
300 units or more	9%

ANNUAL UNIT SALES—USED RVS	
25 units or less	24%
25-49	26%
50-99	22%
100-199	18%
200 units or more	10%

RVS SERVICED/REPAIRED IN PAST YEAR	
100 or less	28%
100-299	36%
300-499	16%
500-999	11%
1,000 or more	9%

What Influences Them

FACTORS IN CHOOSING RV BRANDS TO SELL	% OF DEALERS
Overall quality of RV	89%
Reputation of manufacturer	64%
Reliability of unit	52%
Customer demand	38%
RV floorplan/features	34%
Exclusive territory	33%
Manufacturer's warranty	33%
Profit margin	31%
Retail price	28%
Warranty reimbursement plan	21%
Manufacturer incentives	10%

FACTORS IN CHOOSING EQUIPMENT & ACCESSORIES TO SELL	
Customer demand	72%
Product quality	67%
Features of product	41%
Profit margin	39%
Manufacturer's reputation	37%
Fit/ease of installation	35%
Retail price	21%
Manufacturer's warranty	21%
Manufacturer's incentives	4%

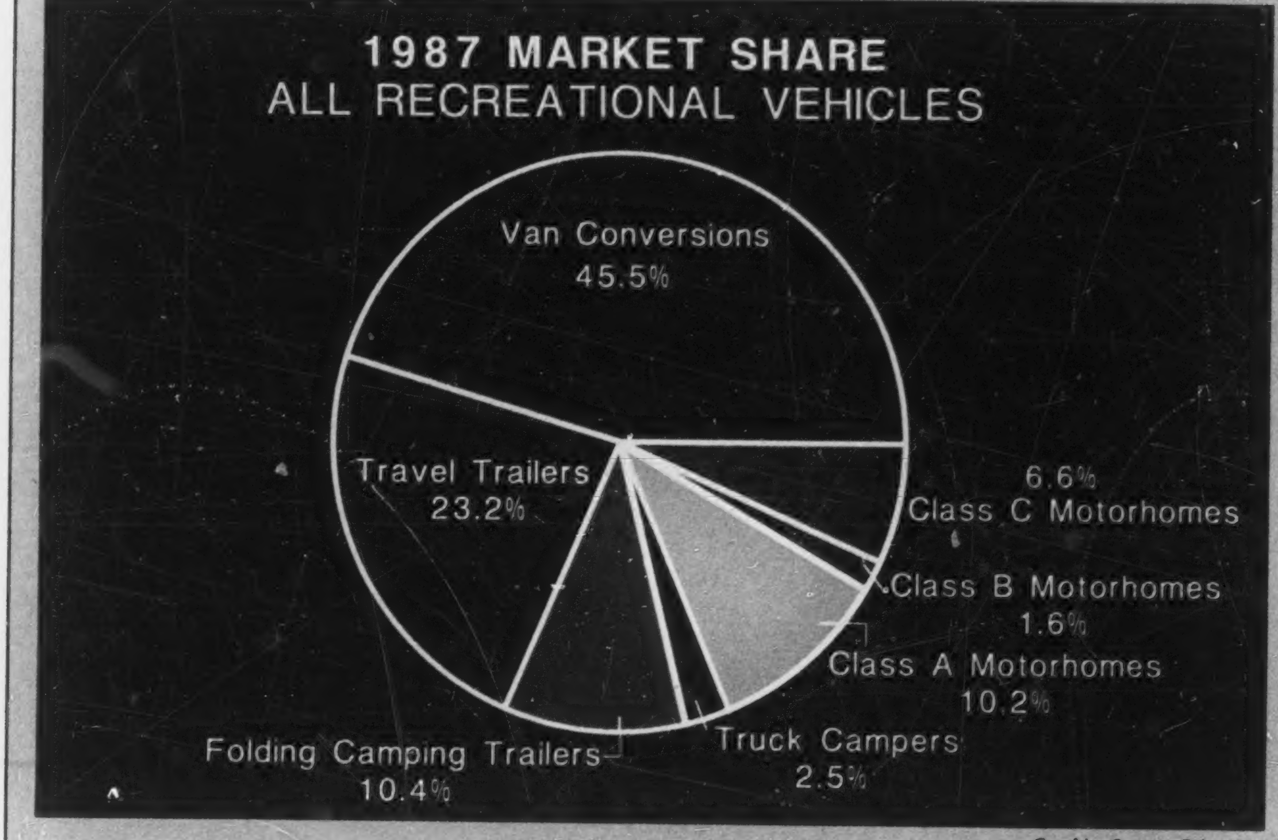
PRIMARY SOURCES OF INFORMATION ABOUT NEW SUPPLIERS & PRODUCTS	
RV trade publications	89%
Trade shows	69%
Direct mail from manufacturer	41%
Distributor's salesmen	40%
Manufacturer's salesmen	38%
RV consumer magazines	37%
Others in the RV industry	27%

A Statistical Overview of the RV Market

MORTON J. MARCUS

Market Share

The travel-trailer category of RVs, which includes conventional trailers, fifth-wheels and park trailers, held a 23.2% share of the total RV market in 1987. But excluding van conversions, travel trailers jumped to a 42.5% share. All towables—travel trailers, folding camping trailers and truck campers—accounted for 36.1% of '87 total shipments. Excluding van conversions, towables dominated 66.2% of the RV market, leaving 33.8% of shipments, for all types of motorhomes—classes A, B and C. For the total RV market, all classes of motorhomes had an 18.4% share. Class A motorhomes were 10.2% of total '87 shipments, Class C's were 6.6%, and Class B's were 1.6%.

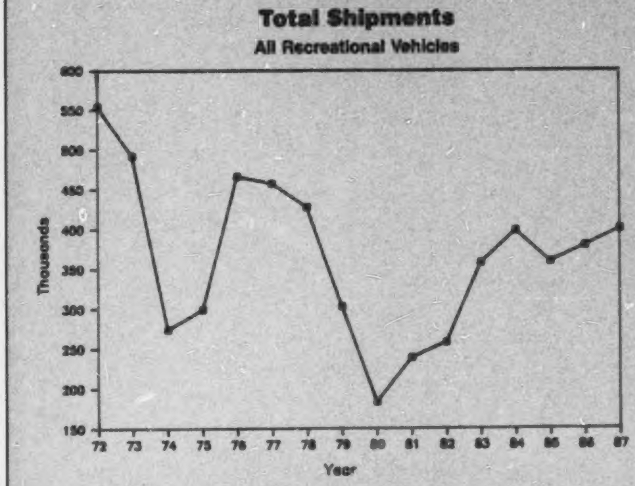


Graphic: Custom Color Visuals

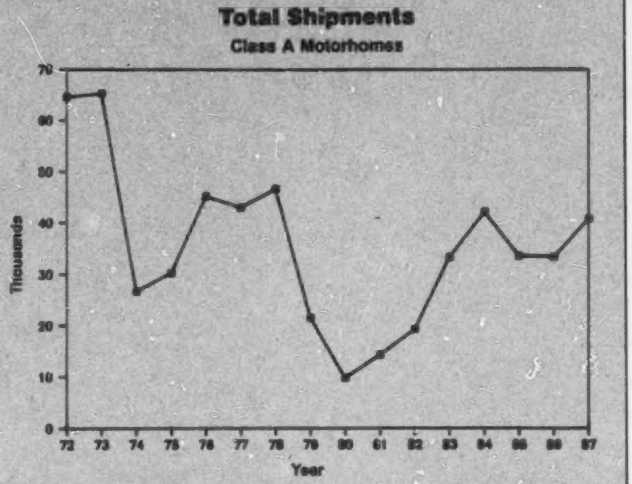
Shipments

Between 1972 and 1987, 1980 was the low point for the industry as a whole and for every major RV type. Total shipments, as well as shipments for each RV type have climbed upward since then, but, with the exception of van conversions, no RV type has regained its pre-1980 peak. Van conversions alone have outperformed their pre-1980 record.

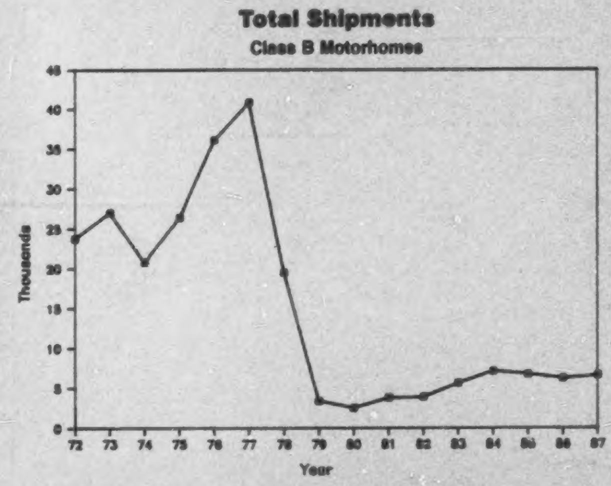
The following charts detail the annual patterns for each major RV type:



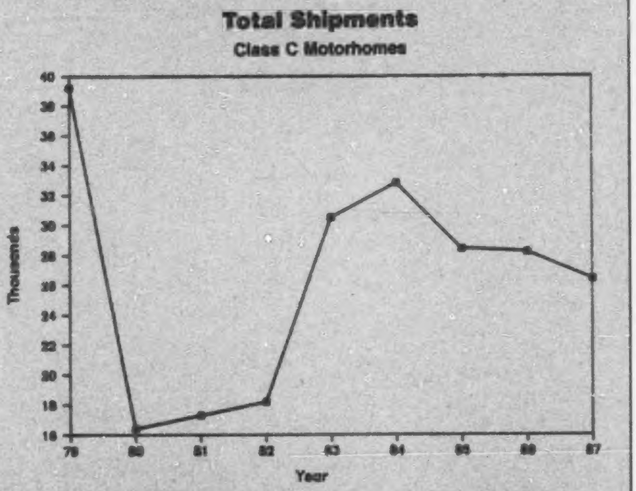
Since its low of 183,500 total units shipped in 1980, the RV industry has advanced to surpass the 400,000-unit level again. In 1987, total shipments were still 28% below the 1972 level, but within 14% of the next peak in 1976. The trend is clearly upward, with only down year—1985—since 1980.



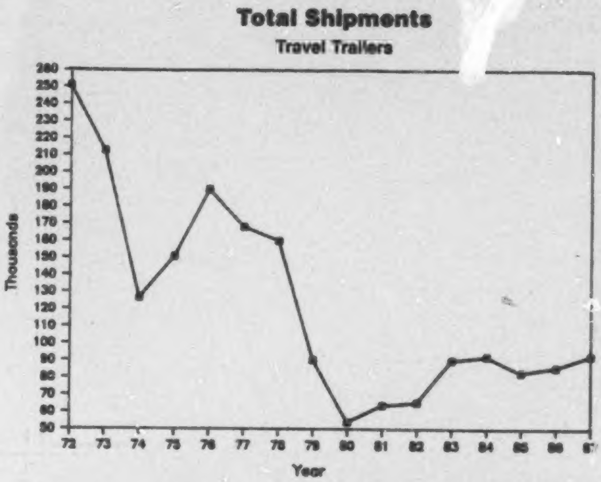
Like the industry as a whole, Class A motorhome shipments reached their nadir in 1980 with a meager 9,800 units, or an 85% drop from the 1973 peak of 65,300. Since then, shipments have climbed upward, with a small trough in 1985 and '86. By 1987, Class A shipments had reached 40,800 units, although this is still 37% below their 1973 zenith.



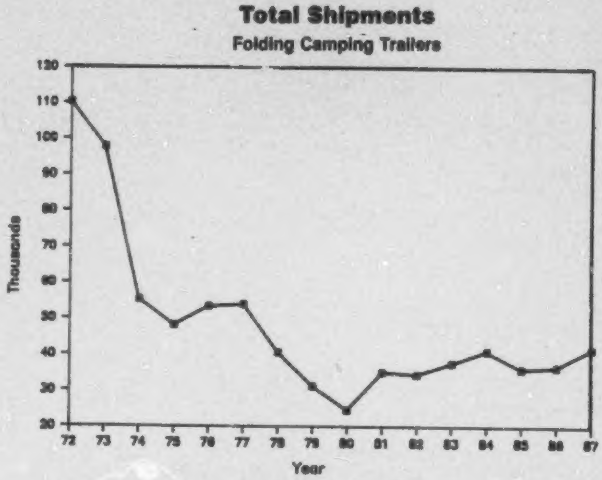
Class B motorhomes experienced their best year in 1977, with 40,800 units shipped, a total that is actually equal to the Class A 1987 total. Class B shipments then dropped precipitously to bottom out at a mere 2,500 units in 1980. Shipments since 1980 have increased slowly, reaching 6,600 units in 1987.



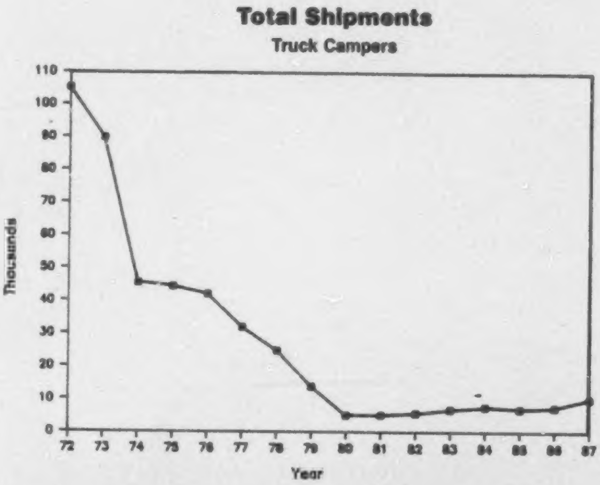
Shipments of Class C motorhomes—which include traditional minimotorhomes, low-profile and micro-mini units—had collapsed to 16,400 units in the dark days of 1980, down from a high of 39,200 in 1979. From that low point, the category rose to a new peak of 32,800 units in 1984. Since 1984, however, Class C's have declined steadily. In 1987, Class C shipments totaled 26,400 units, which was 20% below the 1984 peak and 33% behind that of 1979.



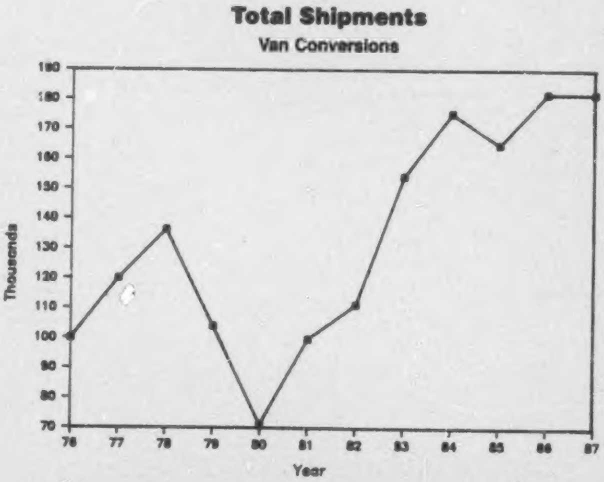
By 1987, shipments of travel trailers—including traditional trailers, fifth-wheels and park trailers—reached 92,800 units, which was 72% higher than the category's 1980 low of 53,900 units, but still less than half a percent above the total of 1984. Certainly, there is little comparison between recent travel-trailer performance and the whopping 250,800 shipments that these towables achieved in 1972.



Folding camping trailers experienced a very good year in 1987, reaching a total of 41,600 units shipped, or a 14% increase from 1986 and a 2% increase from the previous peak in 1984. Fold-downs still have a way to go, however, to reach the previous high of 53,900 units in 1977.



Between 1980 and 1986, truck-camper shipments grew at a sluggish pace, rising only by 48% in those six years from the all-time low of 5,000 units in 1980. However, 1987 was a high-growth year for this category. In 1987 alone, shipments leaped by 36% from the 1986 level, going from 7,400 units to 10,000.



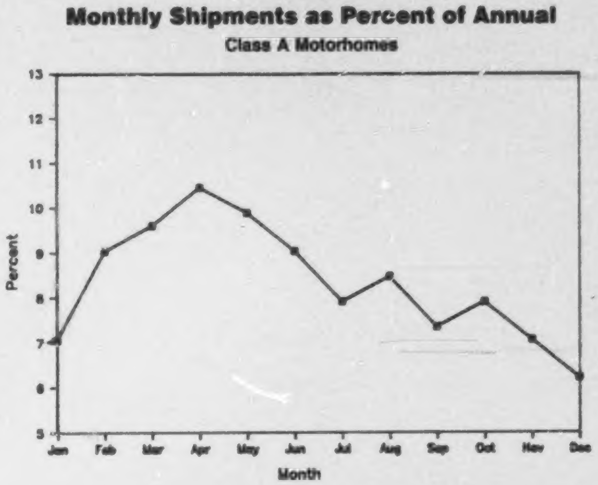
Van-conversion shipments remained flat from 1986 to 1987, with 181,900 shipments in each year. However, this was still 4% above the previous peak in 1984 of 175,300 units and a stupendous recovery from the 1980 valley of 71,400 units shipped. The 1987 total also gives van conversions a 45.5% share of total RV shipments.

Monthly Shipment Patterns

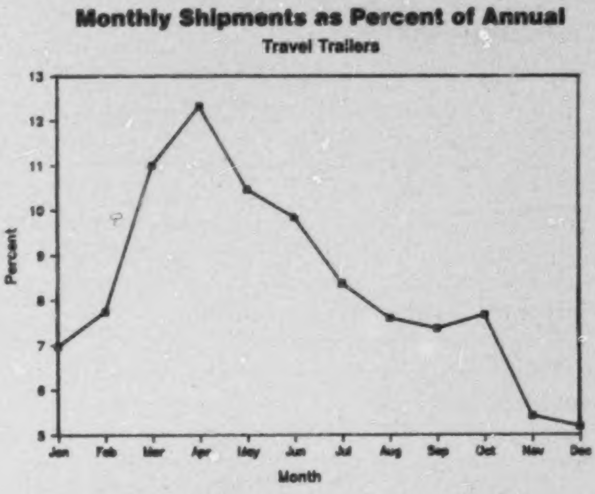
Based on 15 years of data, it is clear that the RV industry has strong and fairly regular seasonal patterns in general, and that the various RV types have very different monthly shipment patterns in particular.

Total RV shipments peak in the spring. In April, for example, 11% of the year's RV shipments occur. In contrast, only 6% of all shipments take place in December.

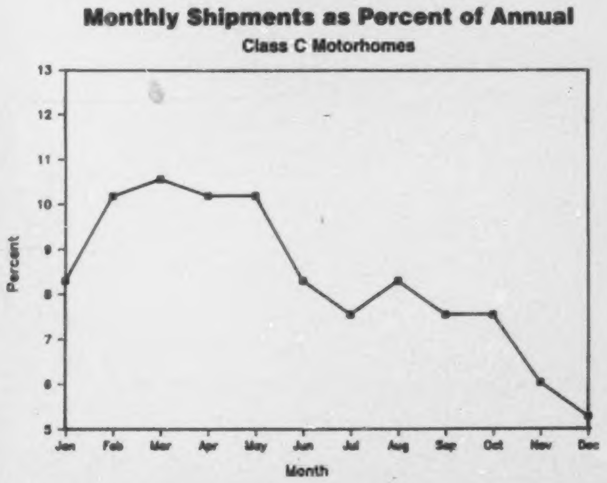
The following charts explore monthly patterns for some major RV types:



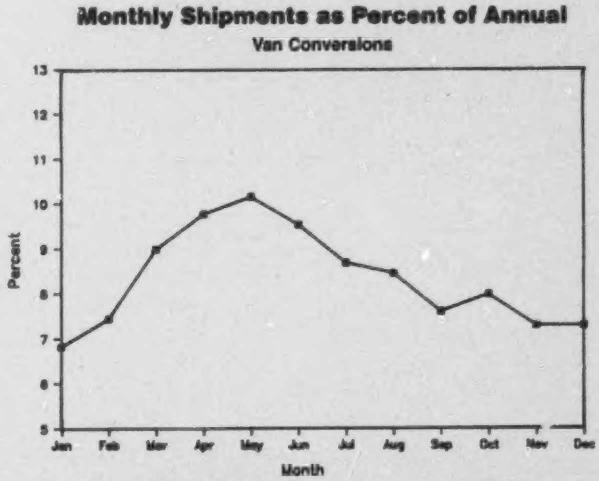
The peak month for Class A motorhome shipments is April, which accounts for 10.5% of the year's total shipments. After declining through July, shipment growth registers small blips upward in August and October before sliding down to the slowest month of the year, December. December accounts for only 6.2% of the year's total.



Like Class A motorhomes, travel trailers—including conventional travel trailers, fifth-wheels and park trailers—reach a shipments peak in April. Some 12.3% of all travel-trailer shipments are made in that month. Shipments then drop to a low point in December with 5% of annual shipments occurring in that month.



Class C motorhomes have their busiest period earlier in the year than Class A's and travel trailers. The peak month for Class C shipments is March, which accounts for 10.6% of annual shipments. Business then declines, with a small secondary peak in August, to the quiet of December, in which only a little more than 5% of annual shipments takes place.



Van-conversion shipments come to a head later in the year than other RV types. The busiest month is May, which tallies 10.2% of annual shipments. The year's low point is January, in which only 6.8% of all shipments occur.

Why Make Seasonal Adustments?

Many important economic indicators, such as the gross national product (GNP) and the Consumer Price Index, are "seasonally adjusted." Seasonal adjustments are mathematical corrections of real numbers to remove the distorting influence of regular fluctuations. Once such seasonal fluctuations have been removed, a single month can be more accurately compared with another and data can be used more reliably for forecasting purposes.

RV shipments, for instance, show strong seasonal patterns. The process of seasonally adjusting RV shipments is simple mathematics, once an adjustment factor has been determined.

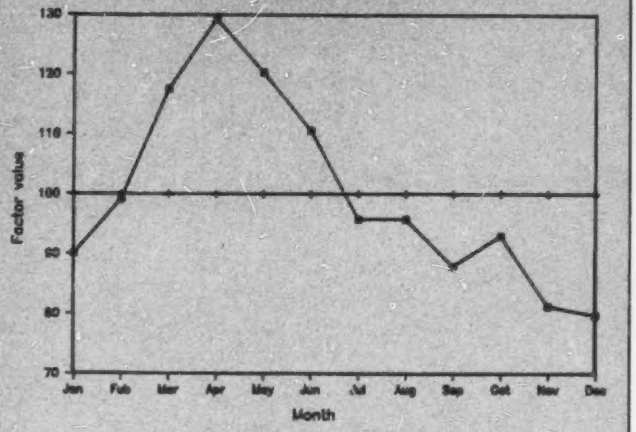
The starting point in finding the seasonal-adjustment factor is determining the percent of total annual shipments that are typically made in a given month. This information should be based on at least three years of data and, in the cases shown here for the RV industry, it is based on 15 years of data.

For all RVs, April, for example, is often the peak month, with more than 11% of the year's total. December accounts for just 6% of the total. But the pattern varies greatly by class of RV. Van conversions peak in May; Class C motorhomes have a high plateau from February through May; truck campers have a wide range from a high of nearly 13% in May to a very low 4% in December. Thus, segmentation of RVs into their respective classes is an important part of the seasonal adjustment process and allows the behavior of those products to be seen in a truer light.

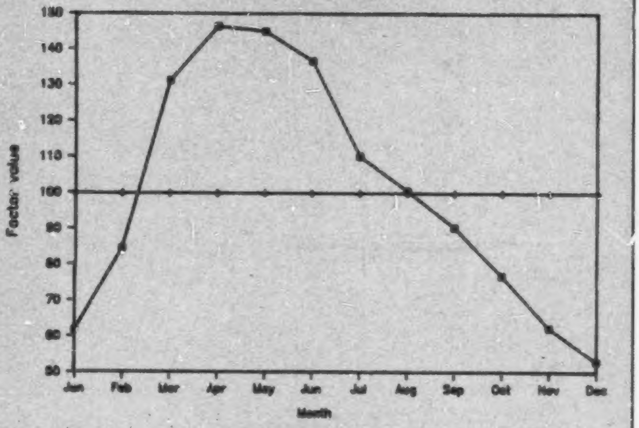
To derive seasonal-adjustment factors, the statistician assigns a value of 100 (or 1) to the average month. Then a specific month is measured as a percentage of that average month. For instance, when we analyze the history of RV shipments in this decade through 1987, we find that January accounts for 9.95 of the year's total RV shipments. Thus, the seasonal adjustment factor for January is 90.1 (100-9.9 = 90.1).

To seasonally adjust the raw data, then, the actual January shipments would be divided by 0.901. If we were actually doing this procedure in early 1987, the resulting number could have been multiplied by 12 to forecast shipments for the full year. Plotting seasonally adjusted months against GNP or other indicators gives you a clearer idea of how RVs are behaving relative to those aspects of the overall economy.

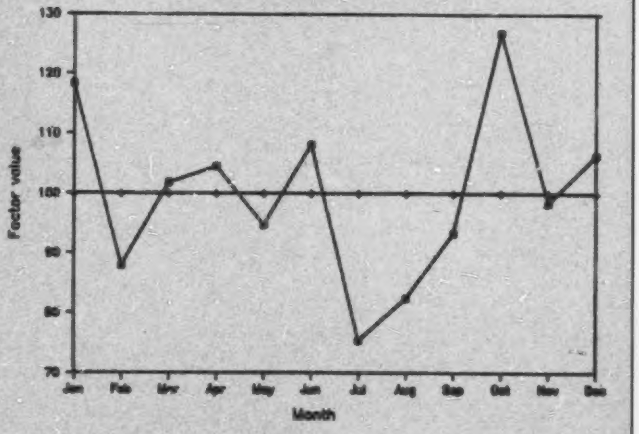
Seasonal Adjustment Factors
All Recreational Vehicles



Seasonal Adjustment Factors
Truck Campers



Seasonal Adjustment Factors
Park Trailers



Financing

A study sponsored by the Recreation Vehicle Industry Association (RVIA) Finance Committee for 1986 found that lenders were continuing a trend toward extended terms on consumer RV loans. The majority of respondents, representing total RV fortfolios of more than $4 billion, granted 120 months on direct (consumer-generated) RV loans. Since that study, however, many lenders have been advertising 180-month terms on new units.

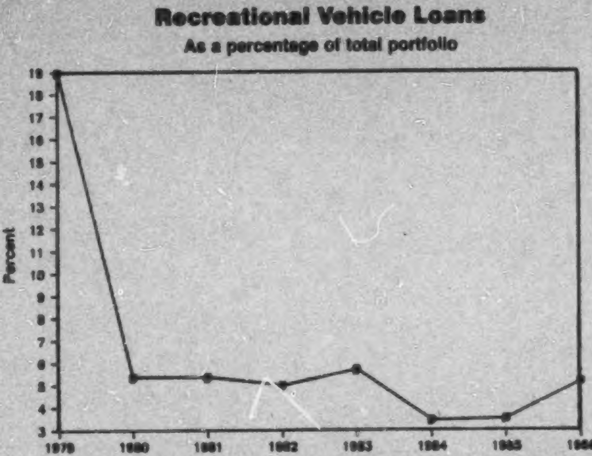
The RVIA study also found that 92% of the lenders surveyed said that RV loans are as profitable as, or more profitable than, auto loans.

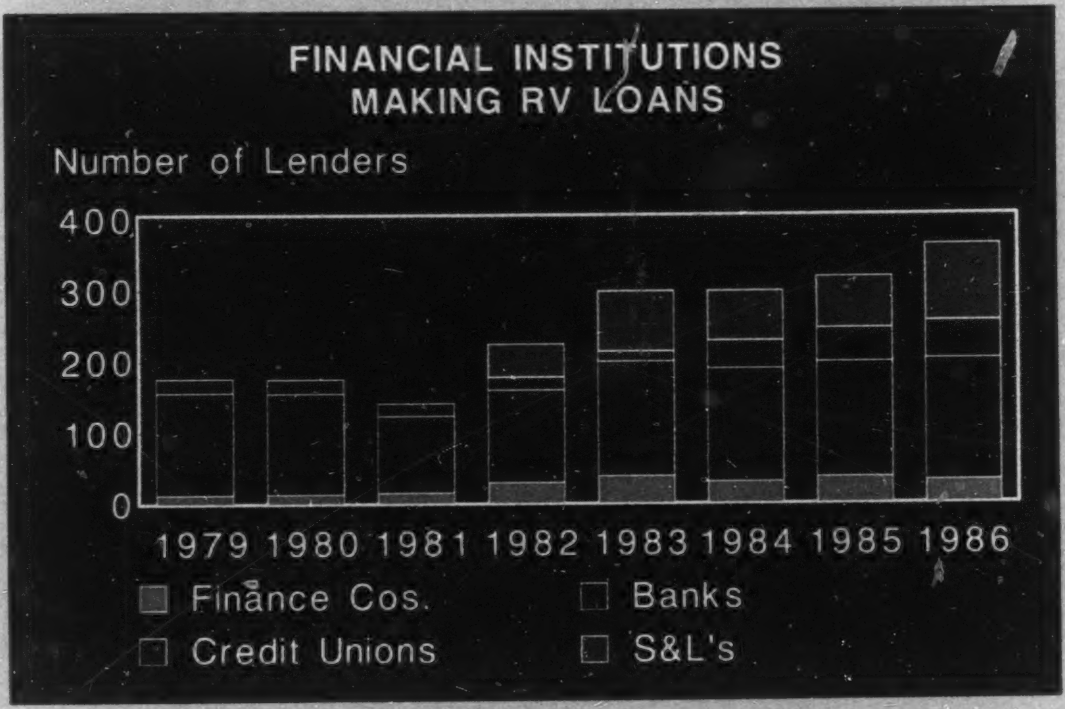
Demand for the RV loans declined following the 1979 energy crisis; thus, the percentage of individual lenders' total portfolio committed to such loans was markedly reduced. In subsequent years, RV loans have ranged between 3% to 5% of total loan portfolios.

Offsetting reduced individual commitments, there has been steady growth in the number of lenders reporting RV loans. The most dramatic increase in participation has been among savings and loan institutions as deregulation allowed them to expand their scope.

In recent years, RV loans have been gaining in popularity among lenders. That trend has seemingly been encouraged by very low delinquency rates. The American Bankers Association (ABA), for instance, found that in the first quarter of 1987 only 1.75% of outstanding RV loans were delinquent. That compared with a weighted average of 2.37% for eight loan types regularly charted by ABA.

During the entire year of 1986, RV loans averaged 1.99% delinquency, the third lowest rate in the ABA survey.





Graphic: Custom Color Visuals

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TWO DOLLARS

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RV BUSINESS

MAY/2

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Conversion Sales Leap; Chassis Tight

Van-conversion sales picked up strongly in this year's first quarter—to the extent that U.S. customizers are scrambling for chassis in the face of rather tight allocations from automakers.

This strong demand, fueled by Detroit incentives, reportedly exceeds the normal spring sales upswing and seems to bode well for the nation's converters, many of whom experienced sales that were less than sensational in 1987.

"It started to break loose in mid-February," reported Century Motor Coach Inc.'s President Jim Maxey, an Elkhart, Ind., converter. "That's about the time it normally picks up. But, I think, it broke with a few more orders than we expected this year."

Meanwhile, although auto manufacturers' plants are running at full tilt, with demand said to be particularly hot on the East Coast and in parts of the Midwest, strict chassis allocations are frustrating both large converters, such as Coachmen Vans, Elkhart, Ind., and smaller customizers, such as Turtle Top Inc., New Paris, Ind.

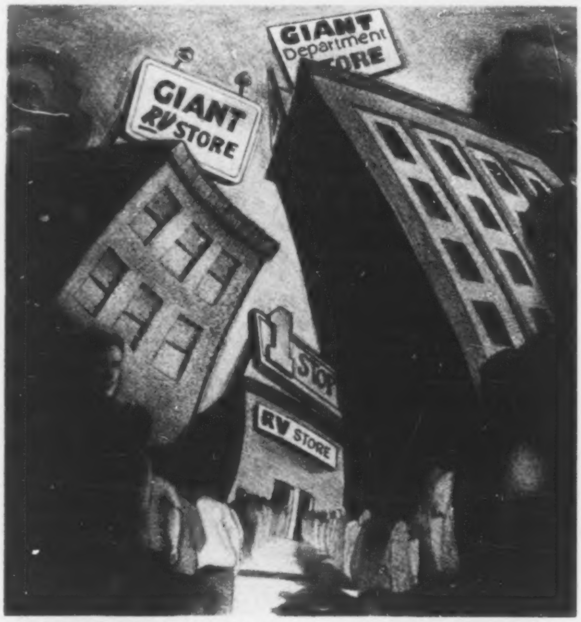
"Our problem is that allocations have been cut back at both Ford and Chevrolet for all the converters," noted Lane Vanduivenbooden, national sales manager for Turtle Top, one of Ford Motor Co.'s oldest bailment-pool members. "But that's nothing new," he said.

Mark Degnan, staff assistant for special vehicle sales at Detroit, Mich.-based General Motors Corp. (GMC), confirmed that inventories are "very lean, and, with the exception of motorhomes, all light-truck and bus plants are on overtime." Both commercial and recreational demand is up, he added, with compact and full-size vans in short supply.

Exacerbating the situation is a new policy by Warren, Mich.-based Chevrolet Motor Division, which limits deliveries of seat-delete vans to larger auto dealers. *(See related story on page 9.)*

Many converters also are wondering just how much of the spring surge is attributable

continued on page 8



COMPETING WITH THE BIG GUYS: Mass merchandisers and big RV specialty stores may seem intimidating, but RV retailers agree it is possible to successfully compete with a smaller, full-line RV parts and accessories store. See page 24.

DOT Secretary Urges Repeal Of CAFE Rules

Secretary of Transportation Jim Burnley announced that the U.S. Department of Transportation (DOT) has sent a renewed request to Congress asking that it consider repeal of corporate average fuel economy (CAFE) standards.

In a report to Congress, DOT noted that U.S. automakers had reached a combined 28.2 miles-per-gallon (mpg) CAFE standard for 1987, a figure that exceeds the legislative goal of 27.5 mpg. In view of that positive

continued on page 11

California Blocks Chevy '88 Chassis

Despite 11th-hour lobbying by General Motors Corp. (GM) and Fleetwood Enterprises Inc., the California Office of Administrative Law (OAL) in April denied an exemption that would have allowed the Chevrolet Motor Division to begin selling certain 1988 Class A and C chassis in California.

Chevrolet chassis that have 10,000- to 14,500-pound gross vehicle weight ratings do not meet California's stringent emission standards. As a result, Chevrolet hasn't been able to sell cutaways and some lighter Class A chassis in California since last fall when the new model year began.

Because of potential hardships on some employers, the California Air Resources Board (CARB) had enacted a new rule to permit sales of those chassis if Chevrolet paid noncompliance penalties (NCPs) to the state. But CARB, Chevrolet and Fleetwood failed to convince OAL, which reviews all new regulations, to allow the special exception for Chevy chassis. CARB has declined to appeal the OAL ruling.

OAL's denial was based on a state law that requires California to wait for the U.S. Environmental Protection Agency (EPA) to pass its own NCP program so that noncomplying automakers would not be subjected to double penalty payments to federal and state governments.

Warren, Mich.-based Chevro-

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MAY 2, 1988 TWO DOLLARS

RV BUSINESS

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GIANT RV STORE
1 STOP
RV STORE

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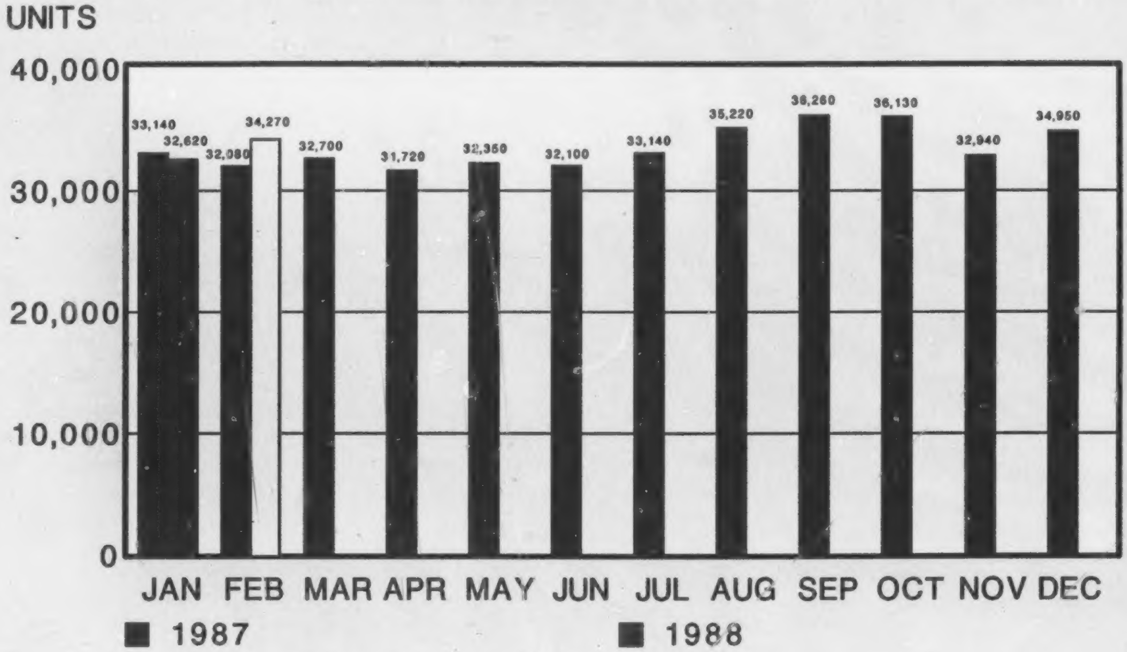
COVER ILLUSTRATION: STEPHEN STERLING

A SUPER FEBRUARY: SHIPMENTS COME ON STRONG

MORTON J. MARCUS

TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)



For the year-to-date, shipments are up 1,670 units or 2.6%.

Figure 1

The famous February groundhog was wonderful to the RV industry this year. Or, if you prefer, the industry got a spectacular valentine in 1988.

After the slow start of January, total shipments picked up in February and more than wiped out the deficit of January. RVIA reported total shipments of 34,300 units.

Strangely, no trumpets were sounded. They should have been blaring loud enough to be heard from Elkhart in Indiana to Riverside in California. This was the largest number of units shipped in the month of February since 1978.

The total of units shipped in February 1988 was more than the combined totals of that month in 1981 and 1982. Only six Februarys in the past 20 years were better than this year's (1969, 1972, 1973, 1976, 1977 and 1978).

Once RVIA's raw data in February was adjusted, RV shipments still totaled 34,270 units. This was up from both the first month of this year and from the tally for February 1987. *(See Figure 1.)* As a result of the strong showing in February, total shipments were nearly 2,200 units ahead of the same month a year earlier, erasing the 500-unit shortfall with which the year began. Thus, only two months into 1988, total shipments are running almost 1,700 units ahead of the same period a year ago.

February, in this very seasonal business, is an average month. This can be seen from how close the RVIA total (34,300) is to the seasonally adjusted total (34,270). If we take this single month as an indicator of the year ahead, we might conclude that 1988 shipments will perform nearly 7% better than they did in 1987. That is, perhaps, excessively optimistic, but the signs are certainly good at this point.

Where's the Beef?

The joy of an RV industry analyst is the diversity of this business. *(See Figure 2.)* All classes of motorhomes and van conversions scored better results in

February than in January. Any weakness was confined to the towables, specifically fifth-wheels and folding camping trailers. All other classes of RVs advanced in the month.

For the first two months combined, however, fifth-wheels and fold-downs showed strong gains compared to the opening months of 1987: Fifth-wheels chugged along 22% ahead of last year, and folding units were up 15%. The lagging sector among the towables was the conventional travel trailer, down 12.5% for the year-to-date. The shortfall of 1,350 units in this group was more than offset by the gains in other towables, however, so that the towables group as a whole was 780 units ahead of 1987 by February 1988.

Among the motorhomes, the diversity was notable. As a group, motorhomes were down nearly 6%, or 650 units, for the new year, despite the fact that the two big-volume models, Class A's and Class C minimotorhomes, were both running ahead of last year. But the gains made by these units failed to offset the dramatic declines of the low-volume Class B and Class C low-profile and micro-mini units.

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation

	1988	1987
TOTAL RVs	100.0	100.0
Travel Trailers:		
Conventional	14.1	16.6
Park Models	2.0	1.9
Fifth-wheels	7.7	6.5
Folding Camping Trailers	11.1	9.9
Truck Campers	2.6	2.6
Motorhomes:		
Class A	9.3	9.0
Class B Van Campers	1.1	1.7
Class C		
Minis	4.4	4.4
Low Profile	0.4	0.7
Micro-minis	0.7	1.4
Multi-use Van Conversions	46.5	45.3

Detail may not add to total because of rounding.

Figure 3

Van conversions, meanwhile, were up by more than 5% so far in 1988. This improvement increased the market share of that group by a full point from their share in 1987 at the same point in time. *(See Figure 3.)*

Van conversions' market-share gain was part of an overall redistribution in the RV industry. While conventional travel trailers fell by 2.5 points, all towables retained the same market share that they had in 1987 at this time (37.5%). This balancing act was the result of gains within the towables group for fivers and folding camping trailers, which offset the conventional trailers' decline. The gains made by van conversions have come exclusively from motorhomes, exclusive of Class A units.

Mideast Oil: An Alert

Whenever we see such good news for the RV industry, as indicated by the February shipment data, we should recall that the world is not at peace. The continuing turmoil of the Mideast, the aging leadership in Iran, the war between that nation and Iraq, all suggest the potential for another dramatic rise in petroleum prices. Each time the Mideast flares into warfare, or there is a new imbalance in the delicate equilibrium of terror in that troubled area, there is the possibility of a shock to the RV industry.

No one can forecast such disturbing events, but none can ignore the risks of these times. The events of those distant lands may have more bearing on RV shipments in the remainder of 1988 than will the election of a new president or the policies of the Federal Reserve System. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	FEB. 1988	PERCENT CHANGE FROM JAN.	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
TOTAL RVs	34,270	[illegible]	[illegible]	[illegible]	[illegible]
Travel Trailers:					
Conventional	4,760	1.3	9,460	10,810	-12.5
Park Models	680	0.0	1,360	1,250	8.4
Fifth-wheels	2,450	-9.8	5,160	4,220	22.4
Folding Camping Trailers	3,390	-16.7	7,460	6,450	15.5
Truck Campers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Motorhomes:					
Class A	3,340	15.8	6,220	5,860	6.2
Class B Van Campers	450	62.8	720	1,100	-34.7
Class C:					
-Mini	1,510	4.2	2,950	2,890	1.9
-Low Profile	140	0.0	280	480	-42.7
-Micro-mini	310	146.5	440	930	-52.2
Multi-use Van Conversions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note: Percentages are computed from unrounded data.

Figure 2

GRAPHICS:CUSTOM COLOR VISUALS

5/18/88

C 8950-2

TWO DOLLARS

040287 05/88Z70Q115I5162RV2 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

INTRODUCING A NEW RETAIL SURVEY
ACCESSORY LISTS CAN BOOST SALES
SEARCH BEGINS FOR DEALER OF THE

RV BUSINESS

MAY/16
1988

RV Stocks' Performance Called 'Spotty'

Six months after the stock market crash of October 1987, the RV industry's public stock portfolios continued to chart a "spotty" course, mirroring the larger trends of a skittish Wall Street.

"In several cases, these (RV) stocks have not rebounded to the levels they enjoyed prior to the correction (crash)," said analyst Robert P. Curran, a Merrill Lynch vice president and securities analyst.

However, Curran suggested that industry decision-makers could take heart from the fact that spring sales have been so strong—despite predictions to the contrary in the aftermath of Black Monday. "There is still a relatively robust retail trade," Curran said. "Whether that will manifest itself in very large-ticket discretionary items remains to be seen. But, on first blush, it seems that some of the real doomsayers, at least so far, have proved to be incorrect."

With the exception of Harley-Davidson Inc., Fleetwood Enterprises Inc. and The Coleman Company, a majority of the eight RV-related stocks tracked by RVB clearly had not rebounded very well between Oct. 19 and mid-April, a period in which most reached 52-week lows.

Particularly slow to recover—for a variety of reasons not all related to stock market trends—were Thor Industries Inc., Vyquest Inc., Winnebago Industries Inc., Coachmen Industries

continued on page 10

MICRO-MINIS: Despite a dismal sales performance last year, some micro-mini manufacturers believe that redesigns and consumer education will help make 1988 a comeback year. See page 22.

Rental Firms Adjust '88 Fleets

ALC Adds 900 Motorhomes in U.S.

American Land Cruisers Inc. (ALC), Miami, Fla., is beefing up its domestic motorhome rental fleet by approximately 900 units above its 1987 total, according to ALC Vice President Robert Smalley Jr.

The RV-rental company's U.S. motorhome fleet will reach about 2,600 units this year, up from 1,700 units last year, said Smalley.

In all, between 1,600 and 1,800 new Class A and Class C motorhomes will be purchased in 1988 for ALC's North American fleet (including Canada), he added. ALC has already pur-

continued on page 10

U-Haul Cuts A's, Adds Class C's

As U-Haul International auctions off its used rental coaches this spring as part of a new five-year truck-fleet rotation program, the Phoenix, Ariz.-based rental giant will also be "dialing back" its Class A motorhome fleet for this summer by 1,200 to 1,500 units, according to U-Haul Public Information Director Al Ladensack.

This year's Class A fleet will total about 3,200 to 3,700 units, down from a peak last summer of 5,200 units, said Ladensack. On the other hand, he noted that U-Haul, which first test-marketed RV rentals in 1983, is add-

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NHTSA Asks 10 Firms to Recall 'A's'

Citing a sharp rise in consumer complaints, as well as recent recalls by two leading RV makers, the National Highway Traffic Safety Administration (NHTSA) is asking 10 more Class A motorhome manufacturers to voluntarily recall or reexamine all 1984-86 motorhomes built on Chevrolet P-30 chassis.

According to a NHTSA spokesman, the results of an engineering analysis of the P-30 chassis and subsequent voluntary recalls of Winnebago and Fleetwood Class A's all indicate that modifications by final-stage manufacturers may lead to fuel-spurting problems and the increased potential for fires in those motorhomes.

Because the fuel-spurting problem is exacerbated by warm weather, NHTSA is urging manufacturers to hasten their evaluations and recalls.."

The 10 manufacturers receiving the NHTSA notification are: Travel Craft Inc., Elkhart, Ind.; Holiday Rambler Corp., Wakarusa, Ind.; Honey RVs, Elkhart, Ind.; R&R Custom Coachworks Inc., South El Monte, Calif.; Tiffin Motor Homes Inc., Red Bay, Ala.; Gulf Stream Coach Inc., Nappanee, Ind.; Xplorer Motor Home Division of Frank Industries, Brown City, Mich.; Mobile Traveler Inc., Junction City, Kan.; Coachmen Industries Inc., Elkhart, Ind.; and Hawkins Motor Coach Inc., Ontario, Calif. Δ—*Robert Longsdorf Jr.*

MAY 16, 1988 TWO DOLLARS

RV BUSINESS

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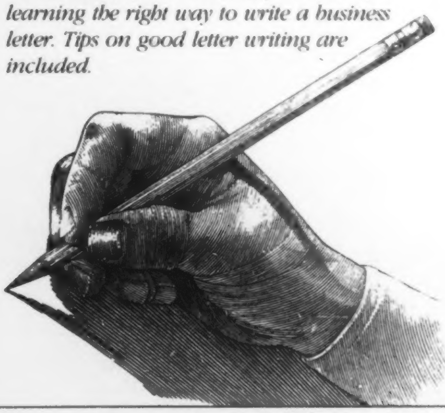

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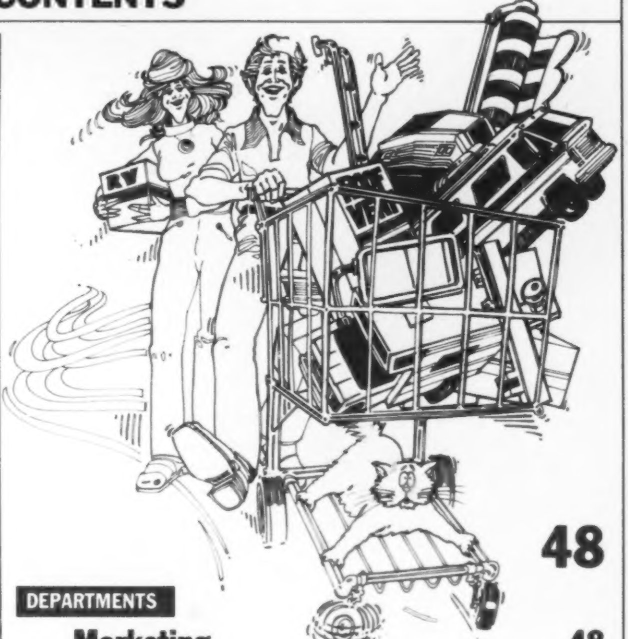

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COVER ILLUSTRATION: FRED SMITH

DAB PERSPECTIVE

MARCH SALES CONTINUE MOMENTUM

GAYLORD MAXWELL

Based on the general sales picture reported by RVB's Dealer Advisory Board (DAB) in March, there are strong indications that a good year is in the making for the RV industry. Sales figures for the month strengthened gains made in the two preceding months and pushed first-quarter figures well ahead of the corresponding period in 1987.

DAB members took in more dollars and delivered more units both for March and for the quarter, when compared with the same periods last year. Well over half of the board members were up for the month. Gross profit ratings indicated that dealers were making money on both new and used units. Bottom lines were generally rated as good to excellent, with a few fair ratings. No member of the board reported poor profits for the month, while several reported that they had experienced their best-ever March.

Some service departments boomed, too, as people prepared for summer travel. Nearly every DAB member reported that back-end business was good to excellent.

The picture wasn't 100% rosy, however. Ten board members were down in sales volume this March compared with March of last year, and eight were down for the year-to-date. Sales of towables also were slower than those of motorized RVs. Both travel and folding camping trailers were down for the year-to-date; however, travel trailers managed to squeeze into the plus column in March.

Meanwhile, strong used-unit sales were creating problems for many dealers in March, according to reports. They were running out of merchandise! In fact, well over half the DAB members reported that their used inventories were low—and summer hasn't even begun. As one dealer reported, "We're getting a lot of trades, but it's mostly junk that we still get high prices for."

Motorhomes

Sales of motorhomes were great, and there was no two ways about that in March. Most of the gravy was going to the giant dealers, even though many of the smaller fellows were still managing to hold their own. Class A's are still the "in" motorhome style, but Class C's are making strong headway at some dealerships. Only the short supply keeps the sale of used motorhomes low.

Our DAB members almost unanimously rated profits as good.

Travel Trailers

After two months in the negative column, new trailer sales in March of this year squeezed ahead of those of last March, although, for the year-to-date, sales of new units were slightly behind. Perhaps we have seen the beginning of a turnaround. Used sales were very good, and profits have been good, with a few dealers even calling them excellent.

Truck Campers

New camper sales had been down for the DAB in January and February, but they took off in March. The increase did not wipe out the deficit for the year-to-date, but, since the numbers are small, a few extra sales could make that happen very quickly. Used sales were off by a few units, but they were in the plus column for the year-to-date. Profits were rated excellent by four of the five DAB members who made camper sales.

Folding Camping Trailers

Fold-downs were the "fall guy" in March. Sales were down from the previous year, as they have been every month so far in '88. However, the figures were somewhat misleading in that they did not reflect the general picture. Actually, most of the DAB members who stock this RV type were holding their own with last year. Two large dealers were down dramatically from last year's count, and they brought down the totals. Profit ratings were generally good to fair.

Fifth-wheels

Among the three towable types, fivers alone managed to surge ahead of the previous year in new-unit sales. And used units also had the best record of any type for year-to-date. As the ranks of full-timers grow, apparently so do the sales of fifth-wheels. Profits were mixed, with ratings from excellent to fair. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MARCH 1988	MARCH 1987	% CHANGE	1988	1987	% CHANGE	MARCH 1988	MARCH 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	178	150	+19	443	335	+32	160	143	+12	393	359	+ 9
TRAVEL TRAILERS	129	124	– 4	244	299	– 2	114	105	+ 9	288	248	+16
TRUCK CAMPERS	30	25	+20	54	61	–11	13	19	–32	37	34	– 9
CAMPING TRAILERS	150	166	–10	280	338	–17	44	51	–14	73	90	–19
FIFTH-WHEELS	35	28	+25	93	83	+12	17	14	+21	90	75	+20

	FOR MONTH			YEAR-TO-DATE		
	MARCH 1988	MARCH 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$15,486,400	$13,280,422	+7	$37,189,429	$31,519,224	+18
TOTAL UNIT SALES	870	825	+6	2,045	1,922	+ 6
NEW-UNIT SALES	522	493	+6	1,164	1,116	+ 4
USED-UNIT SALES	348	332	+5	881	806	+ 9

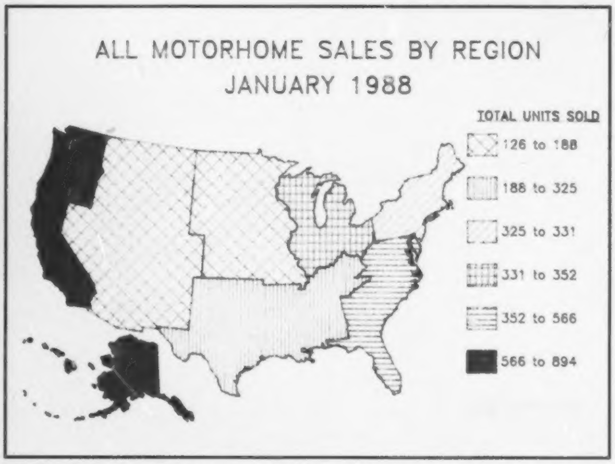
The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

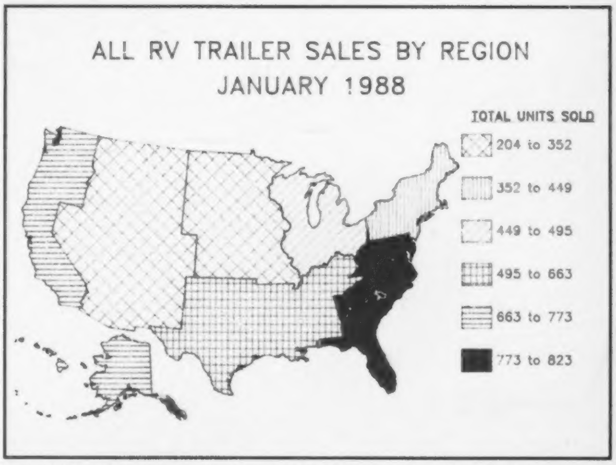
Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Deneau,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lombard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pfier,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sievers,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

SPECIAL FACTORS OVERSTATED EARLY '88 SALES DIP

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific:** Alaska, California, Oregon, Washington, Hawaii; **South Atlantic:** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

Editor's Note: It's said that nothing happens in the RV industry until something happens at the retail level. To help members of the industry better understand the idiosyncracies of the RV retail market, RV Business *is pleased to present the first in a regular series of articles analyzing different aspects of consumer buying patterns throughout the United States.*

The series will be authored by Thomas Walworth, general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statisticai field.

Overall, January was a down month for both RV-trailer and motorhome retail-sales registrations compared with January of last year. But, in evaluating regional and national retail activity, remember that the month of January has been a traditionally slow month for the RV industry.

The majority of Northern markets are covered with snow or frozen by bitter cold. In the Southern markets, the snowbirds have made the majority of their purchases in the late fall in markets outside the South.

This year, we had another factor to plug into the January sales data.

On Dec. 31, 1986, the Internal Revenue Service eliminated the sales tax write-off. In the last two months of 1986, people who would have otherwise waited to make RV purchases rushed to become purchasers to take advantage of the write-off. The state registration agencies were not ready for the extra volume, and some of that volume spilled into January 1987, inflating the monthly total. Thus, in a comparison of retail activity, January 1988 sales appeared to be especially down compared with sales for the previous January simply because the tax change overstated January 1987 retail registrations.

Nationwide, a comparison of motorhome retail registrations for January 1988 with those for the same month in 1987 revealed that motorhomes dropped by 11.45% this year. Motorhome retail figures included Class A's, Class A widebodies, conventional Class C's, and Class C micro-minis.

JANUARY MOTORHOME SALES BY REGION

Region	Percent change from Jan. 1987
East North Central	−18.5%
Mountain	0
Northeast	− 6.7%
Pacific	−27.5%
South Atlantic	0
South Central	12.5%
West North Central	−14.8%

Figure 1

On a regional basis, motorhome sales for January dropped the most in the Pacific region compared with last January (a 27.5% decline). Motorhome retail figures increased only in the South Central states, with a 12.5% increase over 1987. *(See Figure 1.)*

RV-trailer sales nationwide were 12.5% lower in the first month of this year than in the same period of 1987. The RV-trailer category included figures for conventional travel trailers, fold-downs, fifth-wheels and park models.

JANUARY RV-TRAILER SALES BY REGION

Region	Percent change from Jan. 1987
East North Central	− 3.3%
Mountain	18.9%
Northeast	30.5%
Pacific	−41.4%
South Atlantic	−26.9%
South Central	−14.6%
West North Central	−20.6%

Figure 2

Regionally, the Pacific region again recorded the biggest January decline for RV-trailer registrations, a 41.4% drop. However, the Mountain and Northeast regions, experienced increases of 18.9% and 30.5%, respectively, over the previous January. *(See Figure 2.)*

As you can see from Figures 1 and 2, some regions experienced some dramatic shifts in their retail markets in January compared with 1987. But, remember, one month does not make a year, especially an atypical month such as January. Δ

6/3/88

C8950-2

TWO DOLLARS

040287 05/8827061151516 2RV2 **
CONGRESSIONAL INFO SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

SELLING TO THE SHOW CIRCUIT 24

SERVICE: DEEP-CYCLE BATTERIES 3

POST-SALE ATTENTION WINS CUSTO

RV BUSINESS

JUNE

1988

More Firms Pull Out of Midwest Show

Several manufactured-housing companies and one of Coachmen Industries Inc.'s five RV-making divisions have withdrawn from this August's 34th Annual Midwest Show in South Bend, Ind., confirmed officials of the sponsoring Indiana Manufactured Housing Association/Recreation Vehicle Indiana Council (IMHA/RVIC).

Consequently, Midwest Show Manager Sue Bartee reported, square-footage commitments are down somewhat from a year ago. While 235,000 square feet of space were occupied in the exterior block areas at last year's show, IMHA/RVIC thus far has sold 218,000 square feet. IMHA/RVIC still has about 40 inside supplier booths for lease, but, Bartee predicted, all will be spoken for before the show.

Pulling out of this year's show are manufactured-housing companies Patriot Homes Inc., Elkhart, Ind.; Victorian Homes Inc., Middlebury, Ind.; Sterling Corp., White Pigeon, Mich.; Champion Home Builders, Ridgeville, Ind.; and The Commodore Corp., Goshen, Ind., as well as the Middlebury, Ind.-based Coachmen Recreational Vehicle Co. (CRV).

These withdrawals have left IMHA/RVIC searching for a long-term direction for the August trade-and-retail event. The late-summer South Bend Show is one of the nation's three pivotal RV-trade events, all of which have experienced declining attendance in recent years as manufacturers increasingly turn to private dealer meetings for their model-year introductions.

Skyline Corp., based in Elkhart, left the show some years ago. Fleetwood Enterprises Inc., Riverside, Calif., withdrew last year, opting instead for a series of regional dealer gatherings. Fleetwood will continue to stay away this year, and CRV tentatively is not planning to return to the show, either, according to CRV President Claire Skinner.

CRV has been holding private, regional new-model unveilings for dealers in August for several years. And last year, Skinner explained, CRV combined its new-model showing with its annual dealer seminar, which was formerly held in January. "That's what was so successful, and we're repeating that this year," Skinner said.

Skinner added, however, that the timing of CRV's meeting was the only major obstacle to showing in South Bend. She still

continued on page 11

GENERATOR WARS: The entry of two new firms and the introduction of several product innovations have intensified the battle in the RV-generator industry. See page 18.

Trade Group Seeks Action On 'Gypsy' Sales

Fly-by-night RV peddlers came under fire during the April 20-21 meeting of the Recreational Vehicle State Executive Council (RVSEC), a federation of state RV associations set up last fall by trade-group executives from Florida, Texas, Indiana, Pennsylvania, Michigan, West Virginia and Canada.

Meeting at RVIA's headquarters in Reston, Va., RVSEC executives addressed continuing problems with unethical individuals selling recreational vehicles in campgrounds, gas stations and malls without state sanctions and—in most cases—without manufacturers' authorizations.

RVSEC will lobby for legislative action, more stringent dealer requirements and better enforcement of existing state laws against "curbstone" RV salesmen, according to Terry Varvil, RVSEC president and executive director of the Florida RV Trade Association.

"Even in the states that are semi-effective in eliminating the 'gypsies' from operating, they still operate," said Varvil. "There are sales losses to dealers and manufacturers of legitimate products that are warranteed and guaranteed, and losses to the tax revenues of every state in which they operate. It is a problem that we in Florida are working on very hard, and it's still a problem in other states."

In addition to legislative pressure, RVSEC will be offering

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With two new competitors in the arena this year, RV-generator manufacturers are fighting for market share with a number of new product innovations.

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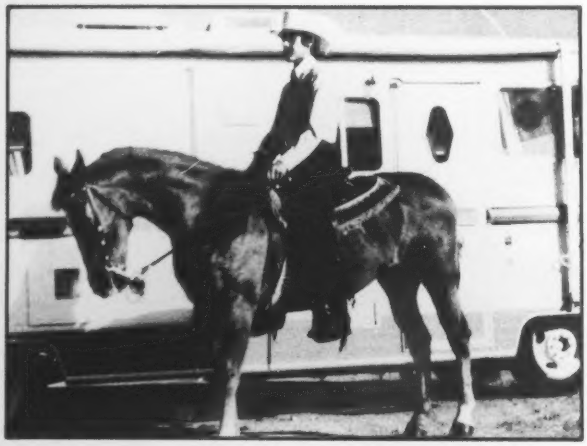
Dealers willing to cater to the special needs of rodeo, horse- and dog-show enthusiasts can profit from these exclusive but growing RV markets.



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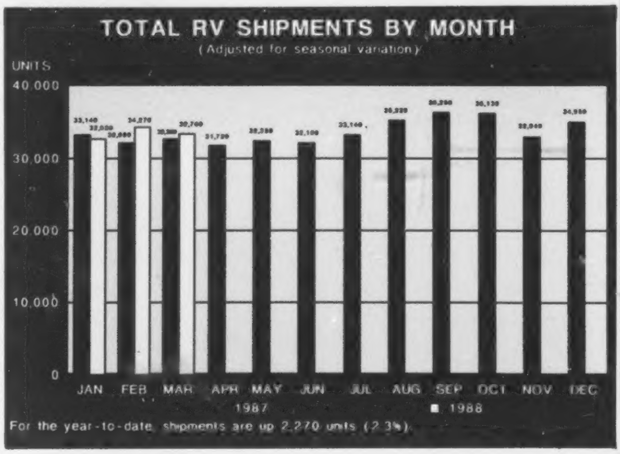

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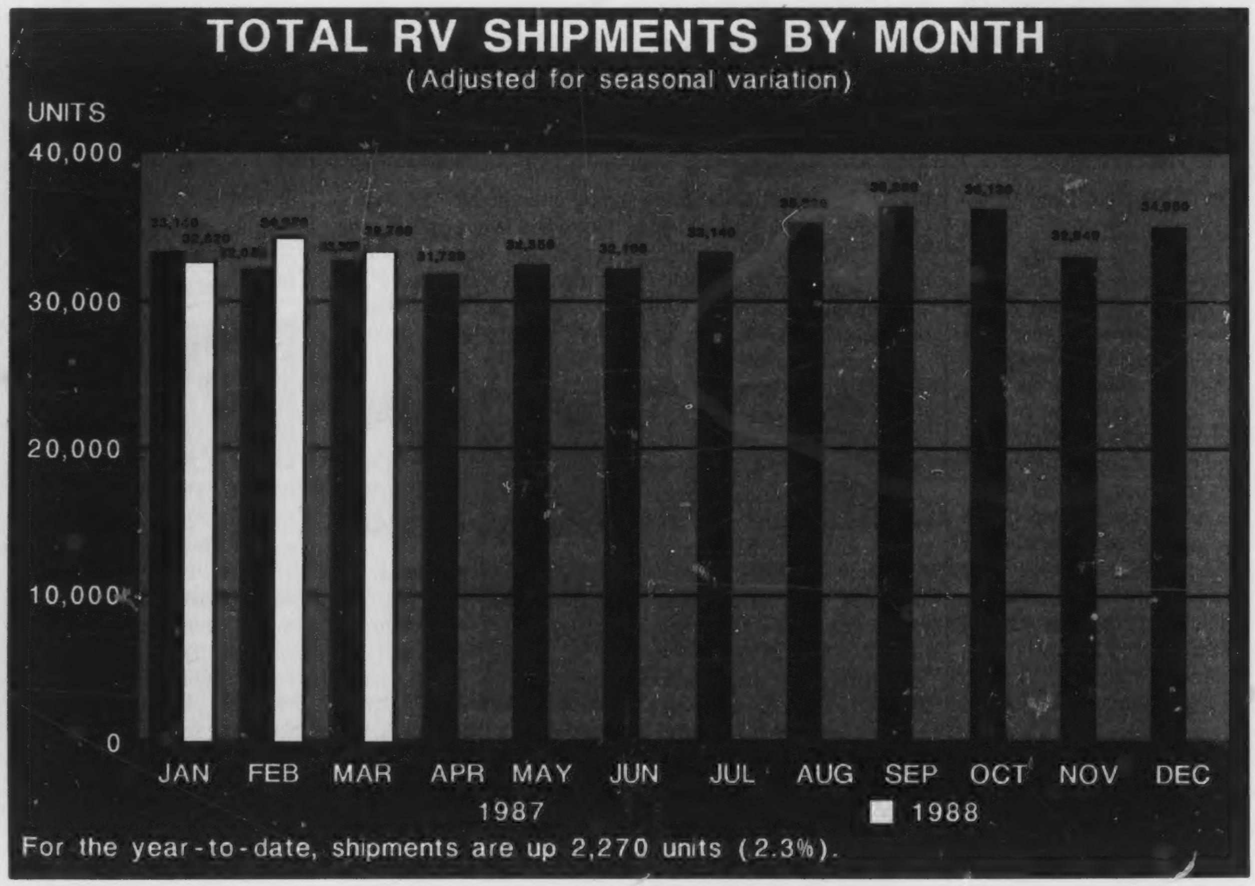
COVER ILLUSTRATION: KIRK BOTERO

RVIA SHIPMENTS

SOME GOOD NEWS IN MARCH

MORTON J. MARCUS



For the year-to-date, shipments are up 2,270 units (2.3%).

Figure 1

March is the first of the Big Three months for RV shipments. One-third of all shipments occur in this quarter of the year: In the past 21 years, March, April and May have generated, on the average, 127,100 units of the 381,700 annual average from 1967 through 1987.

Thus, based on the latest RVIA shipment data, March has some good news for the industry. RVIA reported 39,900 units shipped in March 1988. This sum was an increase from March of a year earlier, when 39,100 units were shipped.

Actually, March 1988 continues an upward trend in shipments in this bellwether month. In 1985, 34,400 units were shipped during March. The next year, the total rose to 35,200.

When adjusted for normal seasonal variation, shipments in March were 1.8% ahead of the same month a year ago. *(See Figure 1.)* Although March shipments were down by nearly 900 units from the very strong February 1988 level, total shipments for the year-to-date also were running nearly 2,300 units (2.3%) ahead of 1987.

The Detailed View

The March shipments decline from February, which was the strongest February in a decade, was primarily due to a 1,400-unit fall in the number of seasonally adjusted shipments of van conversions. Towables and motorhomes both advanced in March from the preceding month. *(See Figure 4.)*

For the year-to-date, towables were up nearly 2,000 units from the first quarter of 1987. The biggest volume gains were made by fifth-wheels and folding camping trailers, which have each gained nearly 1,400 units in the first quarter of 1988 compared with the same period of 1987. This strength gave the towables group its increase for the year-to-date, while other model types have had offsetting losses.

Motorhomes, by contrast, were off for the quarter by about 500 units. Class C motorhomes dropped 700 units, and Class B units were down about 400 units. Class A units, however, were running more than 500 units ahead of a year ago.

And van conversions were more than 900 units ahead for the year-to-date because their March decline followed a very strong February, which may have been just a temporal displacement in shipments.

For the year-to-date, the market share of van conversions remained flat. *(See Figure 2.)* At this point in 1987, conversion units held 45.9% of the total

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1988	1987
Travel Trailers:		
Conventional	14.3	15.8
Park Models	2.0	1.8
Fifth-wheels	7.7	6.5
Folding Camping Trailers	10.9	9.8
Truck Campers	2.7	2.6
Motorhomes:		
Class A	9.6	9.2
Class B Van Campers	1.2	1.6
Class C		
Minis	4.7	4.7
Low Profile	0.5	0.8
Micro-minis	0.6	1.3
Multi-use Van Conversions	45.8	45.9
Total RVs	100.0	100.0

Detail may not add to total because of rounding.

Figure 2

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

	Selected Quarters		
	86:1	87:1	88:1
Rising trend:			
Fifth-wheels	5,910	6,330	7,700
Folding Camping Trailers	9,400	9,570	10,920
Truck Campers	1,700	2,590	2,660
Class A Motorhomes	7,610	9,030	9,570
Class C Minis	4,170	4,570	4,710
Mixed trend:			
Travel Trailers	13,770	15,490	14,350
Park Models	1,940	1,780	1,990
Class B Van Campers	1,280	1,600	1,220
Class C Micro-minis	980	1,270	620
Multi-use Van Conversions	47,580	44,970	45,910
Declining trend:			
Class C Low Profile	810	750	550
Total RVs	95,150	97,920	100,190

Detail may not add to total because of rounding.

Figure 3

market; in 1988, the figure came in at 45.8%. Meanwhile, strong market-share gains were recorded by folding camping trailers and fifth-wheel trailers, each gaining more than a full market-share point in the first three months of 1988. Balancing those gains, a full point loss was borne by Class C motorhomes and conventional travel trailers.

Noteworthy Trends

If three points can signify a trend, consider the following: Five types of units show rising trends of improved performance. *(See Figure 3.)*

Only low-profile Class C motorhomes had a declining trend from 1986 to 1988. That leaves the remaining five types with mixed, indeterminate trends.

In this mixed group, conventional and park-model travel trailers both were ahead of where they were in 1986, although their paths have been different. Conventional travel trailers had a very strong first quarter in 1987, while park models fell last year compared with their 1986 opening performance.

Van campers and micro-minis were both down this year, after improved shipments last year. The disturbing aspect of these two sectors of the industry is that their 1988 first-quarter shipments were not only off from 1987 but came in below their 1986 levels.

Van conversions recovered from their weakness in the first quarter of 1987 but remained below their 1986 activity level.

Finally, for the industry as a whole, shipments were up in the first quarter of 1988 by 2,200 units, which came on the heels of a 2,700-unit increase between the first quarters of 1986 and 1987. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	MAR 1988	PERCENT CHANGE FROM FEB	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
TOTAL RVs	[illegible]	[illegible]	100,190	97,920	[illegible]
Travel Trailers:					
Conventional	4,890	2.7	14,350	15,490	-7.3
Park Models	630	-6.8	1,990	1,780	12.0
Fifth-wheels	2,540	3.7	7,700	6,330	21.6
Folding Camping Trailers	3,480	2.2	10,920	9,570	14.1
Truck Campers	[illegible]	-12.3	2,660	2,590	[illegible]
Motorhomes:					
Class A	3,350	0.2	9,570	9,030	6.0
Class B Van Campers	500	12.8	1,220	1,600	-23.4
Class C:					
-Mini	1,760	16.8	4,710	4,570	3.1
-Low Profile	270	94.6	550	750	-26.8
-Micro-mini	170	-44.4	620	1,270	-51.4
Multi-use Van Conversions	[illegible]	[illegible]	45,910	44,970	[illegible]

Note: Percentages are computed from unrounded data

Figure 4

6/15/88

C8950-2

040287 06/88Z70Q115I5162RV2 **
CONGRESSIONAL INFO SRV 073085
8507

4520 EAST WEST HWY #800
BETHESDA MD 20814

EXPANDING CHASSIS CHOICES 25

'PACKAGE DEALS' AVOID HAGGLING 42

IMPROVING DEALER-DISTRIBUTOR RELATI

RV BUSINESS

JUN/17

1 9 8 8

Winnebago Unveils 'L-Body' Spectrum 2000

At the debut of their new rear-engine "L-Body" Spectrum 2000 Class A motorhome, Winnebago Industries Inc. executives declared their conviction that the unit will further the company's goals for vertical integration and technological leadership.

While officials of the Forest City, Iowa-based manufacturer admitted that they don't expect huge sales from the limited-production Spectrum, a 32-footer retailing for $92,367, they said they believe the new unit's chassis, with its 15,000-pound gross vehicle weight rating and six-wheel independent suspension system will lead to new motorhome generations that will account for increased market share.

"This will be the beginning of a new family of vehicles over the next three or four years," Bryan A. Hays, Winnebago vice president of sales and marketing, told a group of 25 dealers assembled in Forest City for the May 17 Spectrum debut. A dealer network of no more than 25 Winnebago and Itasca retailers is being set up for the Spectrum in "key markets," according to company officials.

Gerald W. Gilbert, Winnebago president and chief executive officer, explained that Winnebago made its first move toward the "design independence" embodied in the Spectrum with its 1980 "X-Body" Warrior, on which 70% of the

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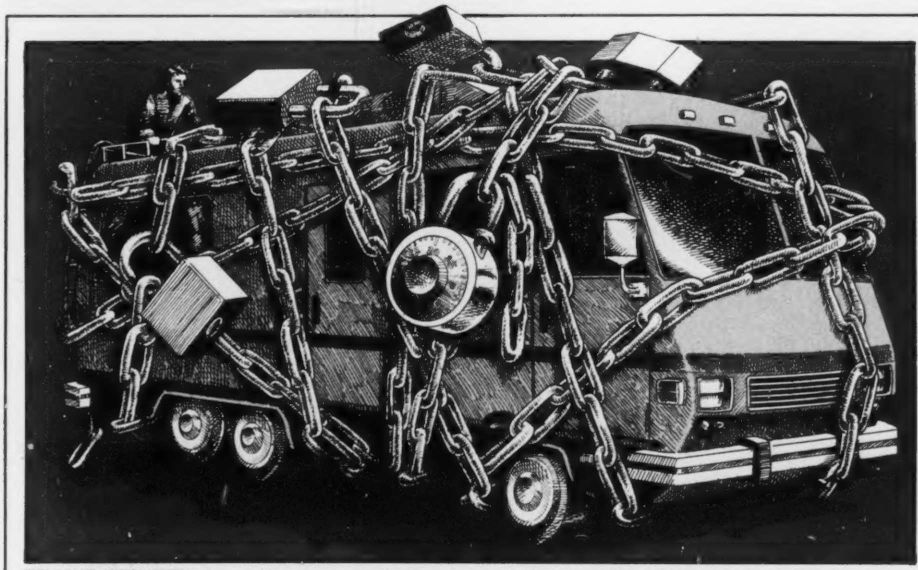

SELLING SECURITY: Security alarm makers are targeting the RV aftermarket with an array of less-expensive, easier-to-operate antitheft systems. Here's a brief guide to what's available, plus some sales techniques. See page 34.

Dealers, RV Makers Debate New-Model Timing

Most RV makers will unveil their new 1989 models over a four-month period from June through September this year, rather than adopt a more uniform late-summer format for which some industry factions have lobbied in recent years.

The Fairfax, Va.-based RVDA last winter issued a position paper encouraging RV manufacturers not to introduce new models until after the crest of the selling season—meaning probably after August or September. The goal, according to RVDA Executive Vice President Bob Strawn, is to better protect dealers, who often have to reduce inventories—and forfeit summer sales—to make way for new models amid their peak selling seasons.

September, RVDA suggested, is probably the most ideal timing for mass introductions, as far as dealers are concerned. "RVDA naturally puts the interest of the dealer first," Strawn said. "Certainly, we are open-minded. I recognize that some of our OEM manufacturers believe that the competitiveness within the industry causes them to do things differently, trying to get the jump on the other guys. The dealers, however, are firm in supporting this resolution."

A lack of continuity in new-model rollouts also has befuddled trade-show sponsors, who are experiencing diminishing attendance due to scattered new-product rollouts and the prevalence of private dealer showings. But most industry executives, including RVIA's Louisville Show Chairman Steve Krivian, who is also director of marketing services for Thor Industries Inc., Jackson Center, Ohio, see no end to the dilemma at this point.

"The topic has been discussed by both the Eastern (Louisville) and Western (Los Angeles) show committees, and there does not appear to be a clear consensus of when products should be announced," Krivian explained. "There continues to be a wide variety of announcement dates based on each specific company's marketing plan, which probably will not change for the foreseeable future."

The manufacturers, for their

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COVER ILLUSTRATION: DOUG PAULIN

DAB PERSPECTIVE

NEW-UNIT SALES DOWN IN APRIL

GAYLORD MAXWELL

April was a tough month for RV dealers. At least that's what our Dealer Advisory Board (DAB) reported for the fourth month of '88. Their figures showed that more than 60% of them took in fewer dollars and delivered fewer units than in the preceding April. Four of the five RV types were down in new-unit sales, and the one that was up (fifth-wheels) squeezed into the plus column by only one unit more than in the previous April.

There was definitely a bright side, though. Actual dollars taken in exceeded the total for last April. Larger units made up for fewer sales, and the larger dealers accounted for most of those extra dollars. Of our seven large dealers (dealers averaging more than $1 million a month in sales), five were up for the month, whereas only four of the remaining 16 medium and small DAB dealerships managed to make it into the plus column. Those same statistics applied to the year-to-date.

Used units presented a different picture in April. Only two categories were down for the month in unit sales compared with the same month last year, and only one was down for the year-to-date.

Profits on new units were rated generally good for the month. In fact, the excellent column received more marks than usual. Apparently, dealers made decent profits even though sales were tougher to come by. Half of the DAB also reported used profits excellent, and more than half said they had a great month in service and accessories.

Half of the DAB members rated their new inventories as high. Conversely, half rated their used inventories as low.

Motorhomes

This is the first month this year that motorhome sales have failed to top those of the corresponding month of the previous year. While the drop wasn't great, it did break what appeared to be an upward trend. The drop was attributable to "tow stubbing" by several medium-size dealers who handle both motorhomes and trailers. The big fellows generally managed to stay about even. Year-to-date figures for motorized sales still indicated an excellent year in the making.

Motorhome profits for the month were quite good, with most ratings in the good or excellent columns. Used units were reportedly bringing super profits.

Travel Trailers

Most dealers—regardless of size—managed to hold about even with last year, and a few were running behind. It looks like a see-saw year for new units.

Used-trailer sales were excellent, however. The problem was more one of supply than of demand.

Profits on new units appeared to be a little on the weak side, with most ratings fair or good.

Truck Campers

Camper sales generally were not as bad for our few DAB members who sell them, as was indicated by the percentage drop for April.

Actually, two members were up, two were down, and one remained the same in terms of sales. However, our largest-dealership member reported a significant drop, which accounts for the big negative percentage figure.

Used sales were a bit off for the month, but, year-to-date, they were good. Profits were rated from fair to excellent.

Folding Camping Trailers

As with travel trailers, fold-downs had a small decrease in new-unit sales in April compared with that month last year. The DAB members who handle this type were evenly divided among those who were up and down.

The April figures didn't tell us much, but year-to-date figures were more revealing. Well over half of the DAB members who sell fold-downs were behind in new-unit sales compared with last year at this same point.

Profits on new units were rated fair to good.

Fifth-Wheels

Fifth-wheel trailers were the only RV type in the plus column in April, although by only one unit, compared with last April. The numbers weren't big, but a plus among all the minuses is still somewhat impressive. Apparently, the market was staying ahead of last year because the year-to-date increase was the second highest among the RV types.

Used sales were excellent, too. Profits in new units were a little soft, with ratings about equally divided between fair, good and excellent. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	APRIL 1988	APRIL 1987	% CHANGE	1988	1987	% CHANGE	APRIL 1988	APRIL 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	158	172	− 8	597	505	+18	163	160	+ 2	539	530	+ 2
TRAVEL TRAILERS	136	145	− 6	430	445	− 3	133	129	+ 3	417	365	+14
TRUCK CAMPERS	17	29	−41	68	84	−19	12	14	−14	45	43	+ 5
CAMPING TRAILERS	122	130	− 6	409	470	−13	56	47	+19	125	138	− 9
FIFTH-WHEELS	37	36	+ 3	122	110	+11	22	27	−19	101	88	+15

	FOR MONTH			YEAR-TO-DATE		
	APRIL 1988	APRIL 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$15,211,333	$14,923,568	+ 2	$50,511,883	$45,565,759	+11
TOTAL UNIT SALES	856	899	− 5	2,853	2,778	+ 3
NEW-UNIT SALES	470	522	−10	1,626	1,614	+ 1
USED-UNIT SALES	386	377	+ 2	1,227	1,164	+ 5

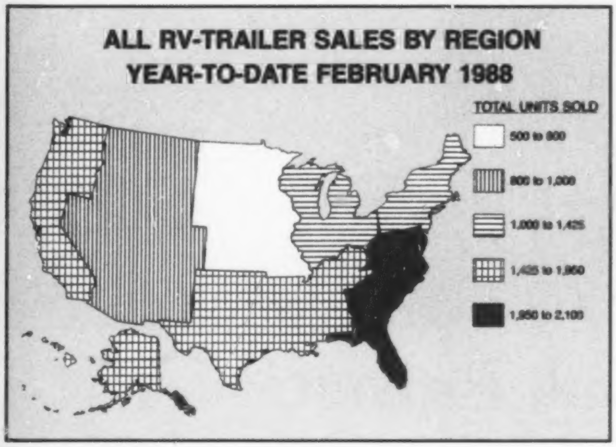
The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

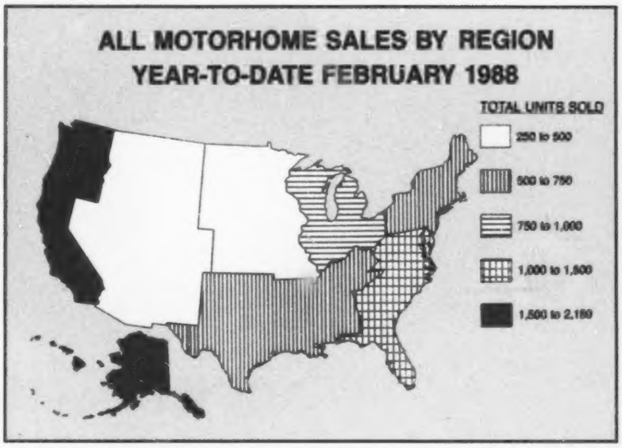
Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

STRONG FEBRUARY RECOUPS '88 LOSSES

THOMAS WALWORTH


ALL RV-TRAILER SALES BY REGION
YEAR-TO-DATE FEBRUARY 1988


ALL MOTORHOME SALES BY REGION
YEAR-TO-DATE FEBRUARY 1988

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

In February 1988, the RV market came back to life. In a month-to-month and the year-to-date comparison, both the RV-trailer and motorhome industries outperformed the previous February and the first two months of 1987.

In February, RV trailers had a 6.22% gain over February 1987. For the year-to-date, trailers gained 4.63% over the same period in 1987. That year-to-date increase eliminated the 12.5% drop that had taken place in January of this year when compared with last January. (The RV-trailer category included travel trailers, park trailers, fifth-wheels and fold-downs.)

All but one of the regions of the country registered an improvement in February compared with February of a year ago. *(See Figure 1.)* We should add, however, that part of the reason for the Pacific region's decline was a registration data problem in Washington state. If we were to replace the Washington figure with an average for the last few Februarys, the Pacific region would break even for the month.

On a year-to-date basis, the RV-trailer industry had three regions with increases in February. *(See Figure 1.)* If we add the correction for the Washington data problem, the Pacific market would be down by approximately 14%. Despite those regional declines, the RV-trailer market was still up 4.63% nationwide compared with last year in the first two months.

With the month of February showing six out of the seven regional markets with sales increases over last February, the RV-trailer market seemed to have rebounded from its January slump.

The motorhome market, meanwhile, had a 17.91% overall sales gain this February compared with February of a year ago. The year-to-date increase was 3.41%. Both these increases erased the 11.45% drop that had taken place in January 1988 when compared with the previous January. (The motorhome market included data for Class A's and wide-body Class A's, conventional Class C's and Class C micro-minis.)

Five of the nation's seven regions recorded positive February percent changes. And, for the year-to-date, four out of seven regions registered sales increases compared with 1987. *(See Figure 2.)*

It is interesting to note that the sales trends in the motorhome and RV-trailer industries seemed to balance each other. An example would be the Northeast region, where the motorhome market was up by 3.03% for the year-to-date, compared with a 21.4% increase for trailers in the same two-month period. These differences could be caused by seasonal trends by product type. Δ

REGIONAL RV-TRAILER SALES FOR FEBRUARY 1988

Region	Percent Change From Feb. 1987	Percent Change Year-to-Date
East North Central	2.9	0.6
Mountain	39.9	30.8
Northeast	14.8	21.4
Pacific	−9.8	−20.7
South Atlantic	3.5	−10.3
South Central	1.3	− 4.3
West North Central	3.8	− 4.8

Figure 1

REGIONAL MOTORHOME SALES FOR FEBRUARY 1988

Region	Percent Change From Feb. 1987	Percent Change Year-to-date
East North Central	4.9	− 5.7
Mountain	16.3	9.8
Northeast	11.9	3.0
Pacific	27.7	2.9
South Atlantic	29.0	14.7
South Central	−11.0	− 0.6
West North Central	− 6.0	−10.0

Figure 2

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

6/28/88
C8950-2

TWO DOLLARS

040287 07/88Z70Q115I5162RV1 **
CONGRESSIONAL INFO SRV 073085
4520 EAST WEST HWY #800 8507
BETHESDA MD 20814

FORECAST: GOOD START TO BETTER YE

RV FACE-LIFTS MAKE PRETTY PROFITS

MEETINGS—FOR THOSE WHO HATE TH...

RV BUSINESS
JULY
1988

U.S. RV Firms Exploring Japan Sales

While a number of Japanese companies have entered the American RV-supplier field recently, some U.S. RV businesses are cautiously exploring opportunities in the land of the Rising Sun.

Jayco Inc., Middlebury, Ind., for one, is in the process of re-engineering a special lineup of narrower folding camping trailers for the downsized Japanese marketplace. Jayco was among a handful of U.S. RV companies exhibiting at three popular RV shows in Japan this spring, acknowledged Phillip R. Berry, president of Nagao-Berry International, Goshen, Ind., Jayco's exporter.

Also exploring Japanese markets is Holiday Rambler Corp., Wakarusa, Ind., which this spring shipped the last of a five-unit Holiday House park-model order to a Japanese motor sales firm. Meanwhile, Kropf Manufacturing Co. Inc., Goshen, Ind., in June was assembling its own 8-foot-wide slide-out park model for Japanese hunting-resort owners.

In the van market, Starcraft, Topeka, Ind., expects to sell more than 100 fully equipped van conversions in Japan this year through a Tokyo dealer. That's "quite a bit more than last year," according to Starcraft Chairman Dominic Cuzzocrea.

All four companies hope to garner more serious sales volume in the future from Japan because, as exporter Berry ex-

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GETTING THE MOST FROM F&I: Industry experts discuss why setting up a separate finance-and-insurance department is the best way to improve F&I profits. See page 27.

RVDA Plans to Set Up RV School

RVDA has announced that it intends to establish a broad-based school for the RV industry to address a perceived need for professional-caliber educational opportunities.

As envisioned, the school would offer courses for all dealership levels—from technical to management training. Certificates would be earned by students who successfully complete a prescribed series of courses, and, ultimately, college-level degrees in some specialties could be awarded in conjunction with an established college, according to RVDA Executive Vice President Bob Strawn.

"We are interested in giving dealers the tools to win with, and knowledge is one of the fundamental requirements," said Strawn. He added that there are several rationales for establishing a two- or four-year degree program, including keeping dealers' college-age family members involved in the RV industry and attracting new,

continued on page 8

New Calif. Law Permits Sale of Chevy Chassis

California Gov. George Deukmejian on May 27 signed into law an "urgency measure" bill belatedly opening the door for General Motors Corp.'s Chevrolet Motor Division to begin marketing certain 1988 cutaway chassis and some lighter Class A rails in California, according to Tom Jennings, an attorney for the California Air Resources Board (CARB).

The new law—for which CARB, Detroit, Mich.-based Chevrolet and several California-based motorhome manufacturers lobbied strenuously—alters previous state law in such a way as to permit Chevrolet to sell 10,000- to 14,000-pound gross vehicle weight chassis that do not conform with the state's emissions standards. Chevrolet, however, must pay nonconformance penalties (NCPs) for each chassis sold in California for the rest of the current model year and 1989.

Previous California law had prohibited the state from levying payment penalties until the U.S. Environmental Protection Agency had developed its own NCP program.

Jim Greene, assistant manager of special vehicles for Chevrolet, said, "We are releasing chassis for production currently. We finalized our program on June 1, and we will be building some 1988 models for California, as well as some '89 models, in the not-too-distant future." Δ—*Sherman Goldenberg*

JULY 1, 1988 TWO DOLLARS

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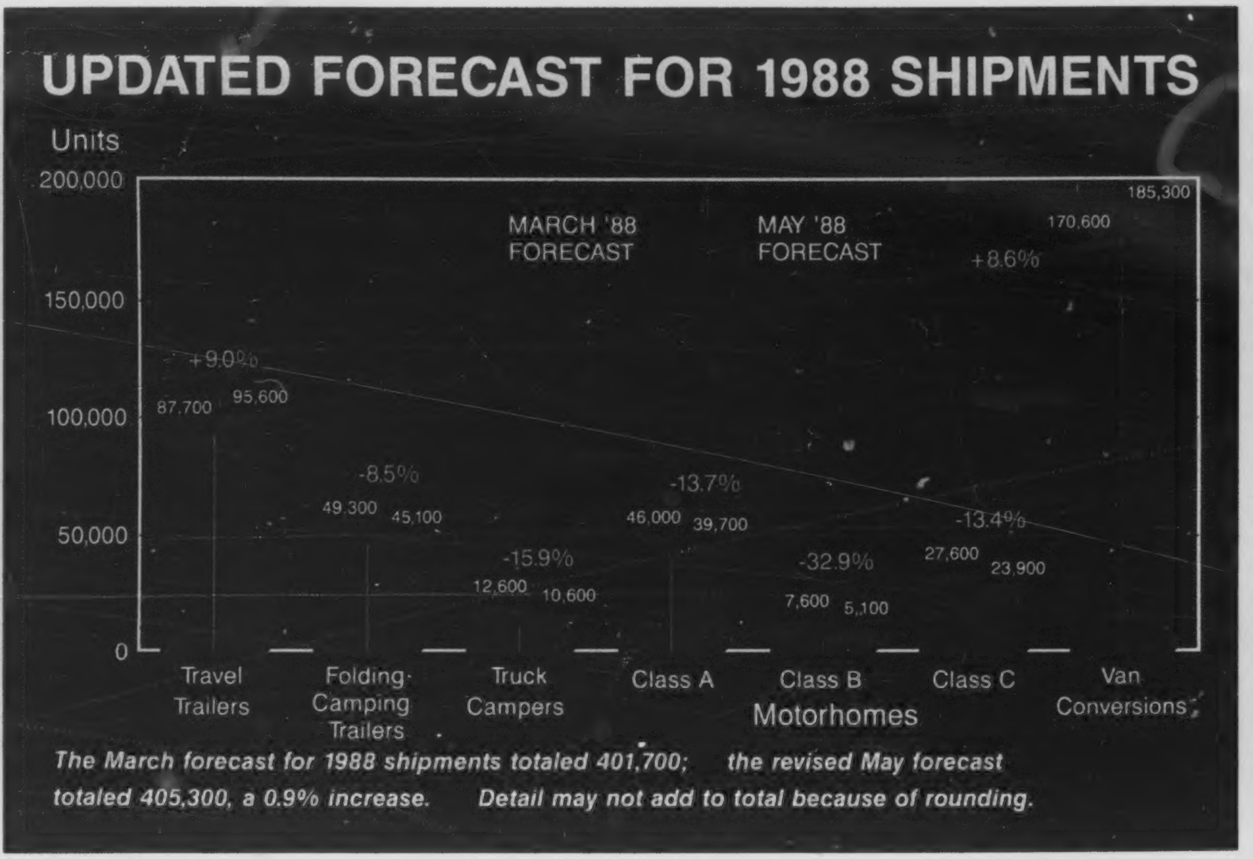
COVER ILLUSTRATION: TOM DILLON

QUARTERLY FORECAST

A GOOD START TO A BETTER YEAR

MORTON J. MARCUS

UPDATED FORECAST FOR 1988 SHIPMENTS



The March forecast for 1988 shipments totaled 401,700; the revised May forecast totaled 405,300, a 0.9% increase. Detail may not add to total because of rounding.

Figure 1

1988 is moving along better than expected, better even than our earlier forecast, which many labeled as "too optimistic" *(see RVB, March 25, 1988).*

What did we say in March, and how has it turned out? For the RV industry, we previously forecast that the national economy would be down in the first quarter of 1988 and then move ahead for the remainder of the year. The decline in the first quarter was to be largely technical and not related to the stock market.

In actuality, even that decline did not manifest itself. In fact, the basic measure of the national economy went up by about as much as we said it would go down. The reason can been seen in Figure 2: Consumers spent at a faster pace than anticipated in the first quarter, and the good news about exports was even stronger than expected.

But our RV forecast for the first quarter of 1988 was off by only 300 units, or a mere 0.3%. Our predictions were actually on the high side for all but two types of RVs: Travel trailers and van conversions did better than we expected. The old friend of forecasters, "compensating errors," was at work again.

The National Forecast

A very slowly improving economy is the basic forecast, as seen in Figure 2.

Real gross national product (GNP) begins to pick up strength at the end of the year once consumers re-establish their position in the marketplace after a period of slower activity.

The year began with consumers buying autos at a good rate, but only by borrowing from future sales; hence, we foresee a slowdown in the growth of consumer spending in the second quarter. Auto sales were at an annual rate of 10.7 million units in the first quarter, as manufacturers tried to move their large inventories with the usual array of interest-rate subsidies and rebates. Some of that activity continues, but we expect sales to slow to the lower part of the 10-million-unit range and end the year with 10.4 million units.

Another factor slowing consumer activity in the second quarter was the big April tax bite by the Internal Revenue Service. Many taxpayers were surprised by the smallness of their refunds or the large size of the amounts due when the hype of the 1986 tax-reform package was turned into reality by their accountants. The effect will be seen in the data as a slowdown in the growth of disposable personal income, as in Figure 3.

Meanwhile, export activity is expected to continue growing

GRAPHICS: CUSTOM COLOR VISUALS

1988 GROWTH RATES

(Quarterly percent changes at annual rates)

	1988:1	1988:2	1988:3	1988:4	1989:1
Real GNP	2.3	2.3	2.4	2.8	3.4
Consumer Spending	3.8	1.1	2.5	2.7	2.8
Exports	10.2	9.1	8.6	7.9	7.3
Imports	5.2	3.4	5.6	5.5	4.9

Figure 2

KEY FACTORS IN THE YEAR AHEAD

	1988:1	1988:2	1988:3	1988:4	1989:1
Prime Interest Rates	8.6%	8.8%	8.8%	8.9%	9.1%
Percent Change at Annual Rate:					
Money Supply (M-2)*	7.0	5.6	5.4	5.7	5.4
Disposable Personal Income	3.2	0.4	3.3	2.7	2.4
Consumer Price Index	3.4	4.3	4.1	4.2	4.4
Motor Fuel Prices	−13.9	2.9	3.1	3.3	3.5

*M-2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 3

RV SHIPMENTS

(Quarterly data are seasonally adjusted)

	1988:1	1988:2	1988:3	1988:4	Total
	Actual	Forecast			
Total RVs	100,000	100,400	101,700	103,200	405,300
Travel Trailers	24,000	23,700	23,800	24,100	95,600
Folding Camping Trailers	11,000	11,100	11,400	11,600	45,100
Truck Campers	2,600	2,600	2,700	2,700	10,600
Motorhomes					
Class A	9,500	9,800	10,100	10,300	39,700
Class B	1,200	1,300	1,300	1,300	5,100
Class C	5,800	5,900	6,000	6,200	23,900
Van Conversions	45,900	46,000	46,400	47,000	185,300

Figure 4

RV SHIPMENTS: FIRST QUARTER 1988

(Quarterly data are seasonally adjusted)

	Actual	Forecast
Total RVs	100,000	100,300
Travel Trailers	24,000	22,300
Folding Camping Trailers	11,000	11,900
Truck Campers	2,600	3,000
Motorhomes		
Class A	9,500	11,300
Class B	1,200	1,800
Class C	5,800	6,700
Van Conversions	45,900	43,300

Figure 5

faster than imports as the dollars' decline continues. The difference in growth rates, however, diminishes with time, as can be seen in Figure 2.

Much of this forecast is dependent on slowing growth of the money supply as the Federal Reserve Board tries to keep the lid on inflation. We acknowledge that the interest-rate forecast may appear to be too low given April's prime-rate increases, but those increases may have been premature efforts.

Thus, we do not see a sharp or dramatic rise in interest rates nor in prices (see Figure 3).

The RV Forecast

Our last forecast was the first in which we attempted to provide detail for all seven major RV types. As we learn and as the economy changes about us, revisions are made. The strong start of the economy and the RV industry has us adjusting our forecast upward, as seen in Figure 1.

Whereas we had forecast shipments of 401,700 units just three months ago, we now call for 1988 shipments to total 405,300.

The changes for the industry as a whole are small, but, as is usually the case, the individual market components have some dramatic changes. While the total forecast has been increased by only 1% by events in the past few months, the forecast for travel trailers is now 9% higher than it had been. Likewise, the forecast for van conversions has been revised upward, with corresponding decrease for other types of units.

The variations in the forecast for the different types of recreational vehicles occur because each type of RV responds differently to economic changes.

The numbers presented in Figure 1 reflect both our experience with a more detailed forecast and a changing environment. Steady improvement is expected throughout 1988, but at very different rates for each RV type.

Motorhomes, although predicted to improve during the year, are expected to be off from their 1987 levels. Towables and van conversions, however, are both expected to be moving at higher rates than in the past year. The effect on market shares is as follows:

	1987	1988
Towables	36.1%	37.3%
Motorhomes	18.6	17.0
Van Conversions	45.3	45.7
Totals	100.0	100.0

These data differ from our last forecast mainly by a shift of three market-share points from motorhomes to van conversions. This change results from a far better performance by van conversions in the first quarter than expected.

A Look at 1989

Current indications for 1989, based on our econometric model, are that shipments should improve and average about 4% better than in 1988. Whereas total shipments in 1988 are expected to be more than 405,000 units, we now expect better than 423,000 units (+4.3%) in 1989.

A new Congress and a new administration could have a bearing on these results, but it is far too early to factor in any changes in economic policy. Continuing doubts about inflation, however, could cause the Federal Reserve Board to tighten up even more on the growth of the money supply, raising interest rates and sending chilling waves of concern through the ranks of consumers.

Indeed, there is no shortage of problem areas for 1989 and the new president. Any of the following could be enough to derail a sluggish economy; take your pick:

- Foreign countries default on their loans;
- OPEC gets its act together and raises oil prices;
- Some major Texas banks are seen for what they are—namely, insolvent;
- Inflation picks up, and inflationary expectations soar;
- New excise taxes are levied on big-ticket consumer items;
- The decline in the dollar does not sustain a rise in exports;
- Foreign investors slowly abandon the U.S. capital markets, driving down stock prices and raising interest rates; or
- General Noriega becomes the head of the U.S. anti-drug campaign.

Although we do not expect any of these events, they suggest how close we are at times to the edge of a recession. There has not been any evidence of strong growth in the U.S. economy since 1984, when we pulled out of the 1979-83 recession. Although we have expanded regularly for nearly 70 months now, that growth has been lacking vigor, and there are no signs of a major force which would sustain a more rapid expansion. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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TWO DOLLARS

HOW FINANCING BENEFITS DEALERS, B
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RV BUSINESS
JUL/15
1988

Europe's Van Market Offers Potential Profit

The growing popularity of vans in Western Europe should open marketing doors for U.S. automakers and van-component suppliers, according to a study released recently by Frost & Sullivan Inc., New York, N.Y., an international market research firm.

The new study, although geared to the European OEM market, also sheds light on the potential market for exports of upfitted van conversions to Europe—a trend that is being studied with interest by the automakers.

The new study examines country-by-country van production, and, in so doing, concludes that rising European van manufacturing volume is a plus for North American companies wishing to "latch on" to that continent's growing marketplace. It points out that Western Europe is still one of the world's major van-producing blocs, with output just behind Japan and the United States. *(See related article with details of the Frost & Sullivan study on page 11 in this issue.)*

Frost & Sullivan predicted that Europe's van production was "poised for growth," with a 15% net gain forecast between 1986-92. North American companies could account for some of that growth, researchers implied, in that they could fill a market niche with vans that are heavier and better-equipped than European models.

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TIME BUYER
TIME BUYER

FISHING FOR FIRST-TIMERS: Companion articles cover dealers' strategies for luring first-time buyers and RV makers' evaluations of current industry efforts to reach the first-timer market. See page 24.

Fla. Bill Sparks Park-Model Debate

A bill permitting park models to be a maximum of 14 feet in width passed the Florida legislature in June, sparking a controversy within the state and rekindling old concerns nationally over the future direction of park trailers.

The Florida bill was passed despite heavy opposition from the Florida RV Trade Association (FRVTA), which believes its provisions will have an adverse impact on both park-model manufacturers and state campground operators.

"The last thing we needed was legislation that throws another different-size unit into the marketplace," said Terry Varvil, executive director of FRVTA. "It is our understanding that the new law could cause major problems for dealers who sell (14-foot-wide) units to customers who want to take them into campgrounds that might not be able to accept them because of lot-size requirements or county restrictions."

Officials of RVIA, on the other hand, said they could not fault the Florida bill on the 14-wide issue. "I don't really see any real problems in allowing 14-wide

continued on page 10

Ford to Offer New 'A' Chassis In November

Ford Motor Co. officials have set a Nov. 4 date for the official start of production of the company's new 16,000-pound gross vehicle weight Class A motorhome chassis.

After allowing two weeks for delivery to RV manufacturers and another two or more weeks to put bodies on the chassis, Ford officials based in Detroit, Mich., now admit that it will probably be mid-December before any completed motorhomes using the new chassis will begin showing up at dealerships.

Kenneth Trosien, special vehicle engineer at Ford, said the company has planned to build 40 units in late July or early August for motorhome manufacturers to use in design and development so that, hopefully, they may have some units for display and advertising at November's Dodger Show in Los Angeles, Calif.

At the same time, Ford is trying to advance the Nov. 4 startup as much as it can, he said. The reason for the late start is the introduction of a new powertrain, including a 7.5-liter fuel-injected engine and electronically controlled four-speed automatic transmission, which has required extensive testing. The electronic transmission is a particularly sophisticated piece of equipment, according to Ford sources. A central module controls the engine, timing and emissions. When the vehicle is

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JULY 15, 1988 TWO DOLLARS

RV BUSINESS

VOLUME 39, NUMBER 8

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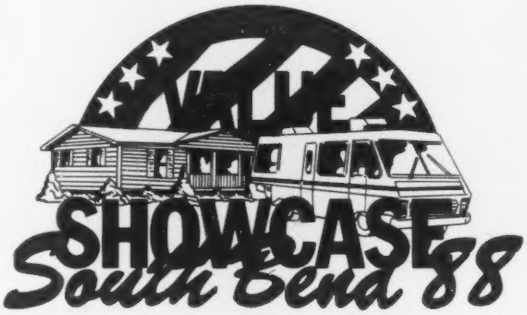

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COVER ILLUSTRATION: SHELLY SHAFFER

RV BAROMETER

NEWS FEATURE

Study Finds European Van Industry Poised for Growth Into 1990s

The van market is booming in Europe, according to *European Original Equipment Van Components Sector,* a 314-page analysis recently completed by Frost & Sullivan Inc., New York, N.Y. This means, noted the study, that manufacturers of major van parts can expect a brisk $5.2 billion-a-year market by the year 1992.

Last year, van makers purchased almost $4.83 billion in components from independent manufacturers. The Frost & Sullivan report projected that this figure will rise to $5.07 billion in 1988. (Constant 1986 dollars were used in the projections.) Frost & Sullivan defined vans as all goods vehicles with a gross vehicle weight (gvw) of less than 4 tons.

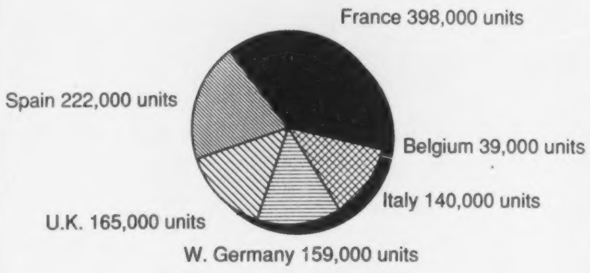
The industry was left unscathed by the earlier recession, since many customers purchased vans as lower-cost, flexible alternatives to small trucks, according to the study. As a result, demand for vans in Western Europe has remained at about 1.1 million units a year.

Van production is currently poised for growth: A 15% net gain is reported likely between 1986 and 1992. Production could stabilize at around 1.25 million vans a year for several years, with an annual unit growth of 5%-6% in 1987 and 1988. Growth is projected to peak around 1990-91.

France accounted for 35% or 398,000 units of the 1.12 million produced in 1987; Spain built 222,000 or 20%; the United Kingdom produced 165,000 or 15%; and West Germany accounted for 159,000 or 14%. *(See chart.)*

The Frost & Sullivan analysis reported that currently produced vans fall between 1.8 and 2.5 tons gvw. The future growth is expected to be in lighter models. Δ

VAN PRODUCTION MARKET
IN WESTERN EUROPE - 1987



SOURCE: FROST & SULLIVAN INC. REPORT E987

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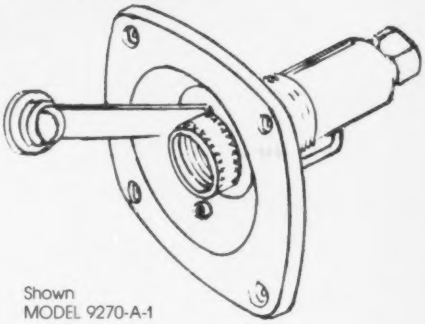
WATER-MATE



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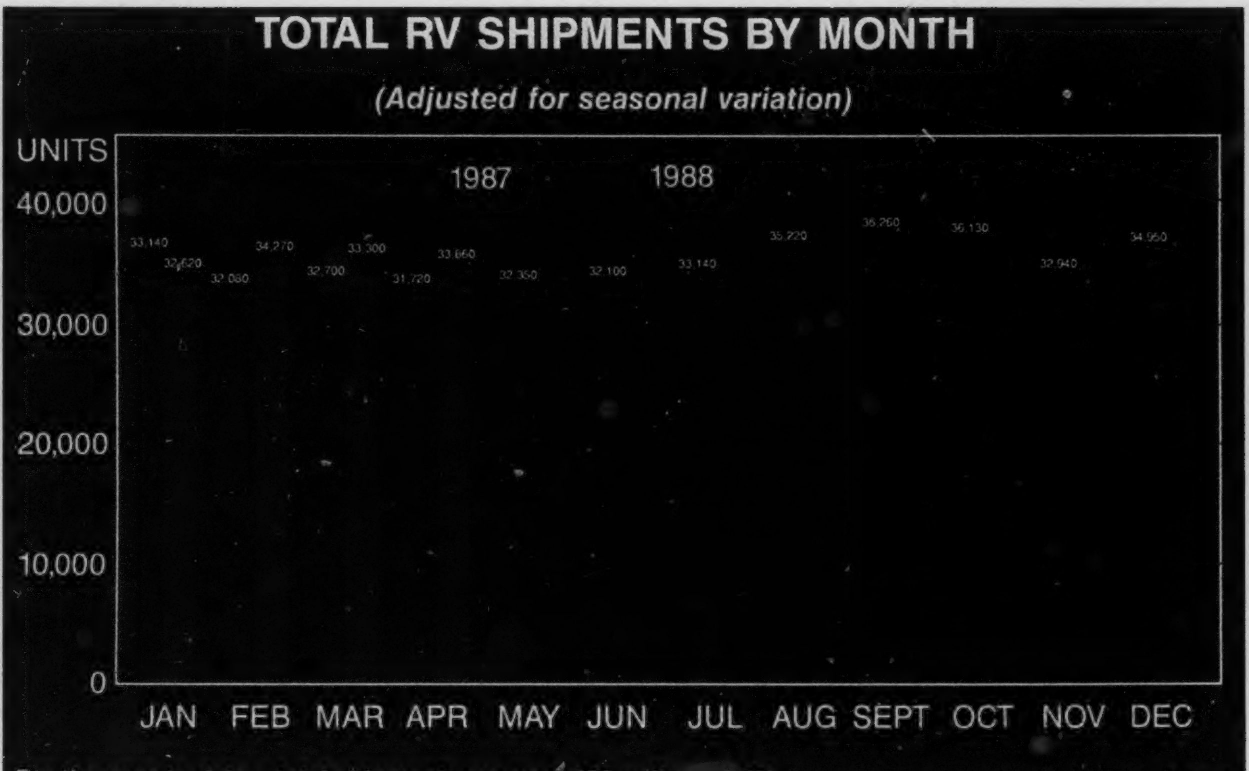


For the year-to-date, total shipments are up 4,420 units or 3.4%.

Figure 1

A roller coaster is fun, or at least that is what we understand from people who enjoy that form of self-imposed torture.

The steady ascent far above the surrounding world is followed by a dramatic, heart-stopping swoop into the depths of potential destruction, which leaves the rider exhilarated. Otherwise-rational beings actually stand in long lines to experience such delights. Some will even return for a second chance at testing the strength of gravity.

However, in business, such wild rides are not appreciated by everyone – although economic analysts do enjoy the zest of major fluctuations. It is more interesting to offer commentary and speculation about data series that are showing some major activity.

Think of all the fun stock market analysts had last October. A big change in the trade deficit is a richer source for wise observation than is a minor continuation of a steady trend.

RVs Show Steady Growth

Certainly, the current state of the RV industry does nothing for the sensation-seeking observer. Conditions just keep showing improvement without stirring up much excitement.

Figure 1, for instance, has very few thrills. RVIA shipment data for April, adjusted for normal seasonal variation, demonstrate just how dull good news can be.

For the third consecutive month, shipments exceeded the same month a year ago. In April, as in February, this improvement was nearly 7% above the corresponding month of 1987.

For the year-to-date, total shipments are more than 4,400 units (3.4%) ahead of 1987.

That is all very good news, but look at the flatness. If these data were a movie, they would be rated "G" for their wholesome lack of stimulation.

In the past 16 months, shipments have averaged 33,550 units per month. This April, which came in at 33,860 units, was just about an average month. So far in 1988, total shipments have not exceeded the 36,260 high of September 1987, nor have they fallen below the April 1987 low of 31,720 units. That is not enough of a swing to get Tarzan across a raging jungle river.

Excitement Lies in Details

Yet, within the shipment data are shifting fortunes that make for some real interest.

For example, although total shipments were up a faint 1.7%, the percent changes from March to April in 1988 were in double digits for six of the 11 model types on which we report.

Figure 2 shows some wide variations. Conventional travel trailers were down by a mere 2%, while micro-minis (on small volume) were up 50%. Truck campers fell 10% at the same time that van conversions were up 10%.

For the year-to-date, park model and fifth-wheel trailers were showing strong gains of 13% and 22%, respectively, compared with the first four months of 1987. At the same time, in the category of motorhomes, Class B units were off 24%; low-profile Class C's were down 31%; and Class C micro-minis dropped nearly 46%.

As a group, towables were up

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Travel Trailers:		
Conventional	14.3	15.5
Park Models	2.0	1.8
Fifth-wheels	7.7	6.5
Folding Camping Trailers	10.3	9.8
Truck Campers	2.6	2.6
Motorhomes:		
Class A	9.6	9.3
Class B Van Campers	1.2	1.6
Class C:		
Minis	4.9	4.9
Low Profile	0.5	0.7
Micro-minis	0.7	1.3
Multiuse Van Conversions	46.4	45.9
Total RVs	100.0	100.0

Detail may not add to total because of rounding.

Figure 3

for 1988 by 2,350 units (5%) over the same period last year, with gains made by all model types except conventional travel trailers. Van conversions also were up for the first four months, gaining nearly 5%, with 2,750 more units shipped than in the previous year.

The only major group to show a decline for the year-to-date was the motorhome category, and that was just a 700-unit drop (less than 0.05%). The gains of the Class A units and the Class C minimotorhomes almost offset the declines of the Class B's and Class C low-profiles and micro-minis.

The result of all these internal shifts are seen in the changing market shares of Figure 3. Towables and van conversions each picked up half a point. These gains came at the expense of motorhomes, which dropped a point in market share.

Within the industry, these are changes of consequence. From a distance, there is hardly any movement to be noticed. This mixed picture creates the impression that the industry is marching in place. But the individual parts of the RV industry are moving about vigorously (like the feet of an army marching in place), even though the industry as a whole seems to move forward only slowly.

Drought May Affect RVs

The extended dry conditions in our nation's farming areas are, at this writing, becoming a matter for serious concern. Farm commodity prices have already risen. No frenzy has been reached as yet, but rapid increases might occur, pushing up prices at the retail level with a major impact on the Consumer Price Index.

Once that happens, the nightly news will focus on the story with some intensity and inflationary forces could be set loose that would run through the economy rapidly, forcing the Federal Reserve Board to decide to raise interest rates to stop the price increases.

There would be no good news in that scenario for the RV industry.

Falling real disposable income and rising interest rates both would work adversely on the prospects for late 1988 and all of 1989. The recession—which many analysts had said would follow from the stock market decline, while others had foreseen from historical charts, and still others had read into their horoscopes—would then be upon us.

A recession would be in the works, but not for any occult reason. The shortfall of precipitation was not foretold by any of the "indicators." If superstition is to be called upon, let us all wash our cars and go picnicking to bring down the rains. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT MARCH AND APRIL 1986-88
(Adjusted for seasonal variation)

	March 1986	April 1986	March 1987	April 1987	March 1988	April 1988
Conventional	4,310	4,350	4,680	4,660	4,890	4,790
Park Models	620	670	520	560	630	650
Fifth-wheels	1,780	1,820	2,120	2,100	2,540	2,610
Total Travel Trailers	6,710	6,830	7,310	7,330	8,060	8,050
Folding Camping Trailers	2,760	2,830	3,110	3,140	3,460	2,920
Truck Campers	520	540	900	810	900	810
Total Towables	10,000	10,210	11,330	11,280	12,430	11,780
Class A	2,410	2,670	3,160	3,090	3,350	3,250
Class B Van Campers	290	500	490	500	500	360
Class C						
Minis	1,250	1,500	1,670	1,810	1,760	1,810
Low Profile	260	270	270	190	270	100
Micro-minis	420	520	340	350	170	260
Total Motorhomes	4,620	5,470	5,940	5,940	6,050	5,780
Van Conversions	14,810	15,810	15,430	14,500	14,820	16,310
Total RVs	29,420	31,490	32,700	31,720	33,300	33,860

Detail may not add to total because of rounding.

Figure 4

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE	APR 1988	PERCENT CHANGE FROM MAR	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
TOTAL RVs	33,860	1.7	134,060	129,640	3.4
Travel Trailers:					
Conventional	4,790	-2.1	19,140	20,150	-5.0
Park Models	650	3.1	2,640	2,340	12.9
Fifth-Wheels	2,610	2.9	10,310	8,440	22.2
Folding Camping Trailers	2,920	-15.8	13,830	12,710	8.8
Truck Campers	810	-10.2	3,470	3,400	2.1
Motorhomes:					
Class A	3,250	-2.8	12,820	12,120	5.8
Class B Van Campers	360	-28.5	1,580	2,100	-24.6
Class C:					
-Mini	1,810	3.0	6,520	6,370	2.3
-Low Profile	100	-64.9	640	940	-31.3
-Micro-mini	260	50.7	880	1,620	-45.7
Multi-use Van Conversions	16,310	10.0	62,210	59,460	4.6

Note: Percentages are computed from unrounded data.

Figure 2

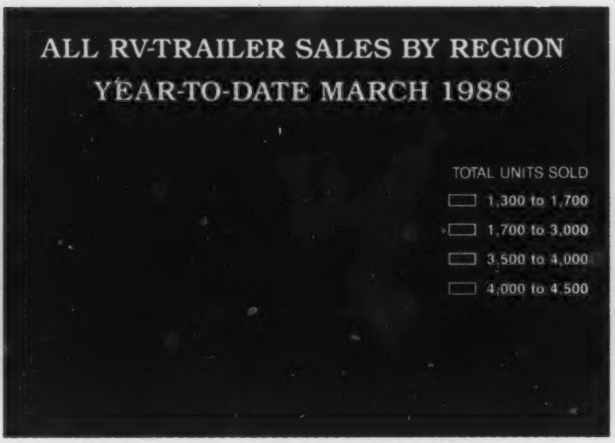
GRAPHICS: CUSTOM COLOR VISUALS

MARCH SETS STAGE FOR STRONG '88

THOMAS WALWORTH

ALL MOTORHOME SALES BY REGION YEAR-TO-DATE MARCH 1988

TOTAL UNITS SOLD
▭ 500 to 1,000
▭ 1,000 to 1,300
▭ 1,300 to 1,400
▭ 1,400 to 1,700
▭ 1,700 to 4,150


ALL RV-TRAILER SALES BY REGION YEAR-TO-DATE MARCH 1988

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

The March 1988 RV market continued its upward movement as the national RV-trailer and motorhome industry registered positive gains for both the month and year-to-date.

Regionally, however, the picture was more mixed. Some areas of the country significantly outperformed others, and certain regions did very well in terms of motorhome sales yet turned in only average performances in RV-trailer sales.

Overall, RV trailers had a national gain of 7.51% this March compared with March of 1987. That March performance was a continuation of, and improvement on, February's gain of 6.22% over February of last year.

The March increase also created a year-to-date increase in nationwide RV-trailer registrations of 3.10% when compared with last year's first quarter.

Five out of seven regions posted positive increases for RV-trailer sales in the month of March. The Mountain region continued its lead with a 52% increase in sales for March compared with the same month last year, while the South Central states did the most poorly, with a 7.8% decline in sales from March 1987. *(See Figure 1.)*

On a year-to-date basis, the RV-trailer industry reported five of seven regions with gains over 1987. The Mountain region led the way with a 42% gain for the first quarter of 1988, compared with the same period last year.

In March, the motorhome market outperformed the RV-trailer market nationally, in terms of percent changes from 1987 to '88, and this was true for both the monthly and year-to-date comparisons.

Nationwide, March sales for the motorhome industry were 29.4% ahead of March 1987. And, year-to-date, the first quarter of 1988 was 14.8% ahead of 1987 for the same period.

All regions registered market increases for motorhomes in March compared with March 1987. The Pacific region led the way with a 53% increase. *(See Figure 2.)*

This is a positive sign for the motorhome industry. In February, only five of seven regions reported gains, while, in March, sales for all seven regions were in the positive range.

REGIONAL RV-TRAILER SALES FOR MARCH 1988

Region	Percent Change From March '87	Percent Change Year-to-date
East North Central	.4	2.1
Mountain	52.0	42.0
Northeast	30.9	27.9
Pacific	8.7	4.0
South Atlantic	−5.4	−7.1
South Central	−7.8	−5.4
West North Central	5.6	1.5

Figure 1

REGIONAL MOTORHOME SALES FOR MARCH 1988

Region	Percent Change From March '87	Percent Change Year-to-date
East North Central	21.4	7.1
Mountain	18.6	16.6
Northeast	32.8	17.3
Pacific	53.0	20.2
South Atlantic	18.0	18.2
South Central	3.4	3.3
West North Central	33.0	8.1

Figure 2

Year-to-date, all regions turned in increases in motorhome registrations compared with the first quarter of last year. The Pacific region was on top with a 20.2% increase over 1987.

Both RV-trailer and motorhome markets continued to outperform last year's numbers in March, so that the retail market, which started out slowly, seems to be picking up speed as the year continues. This should be a solid base for a good year in 1988. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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TWO DOLLARS

SHOPPING FOR INSURANCE 43

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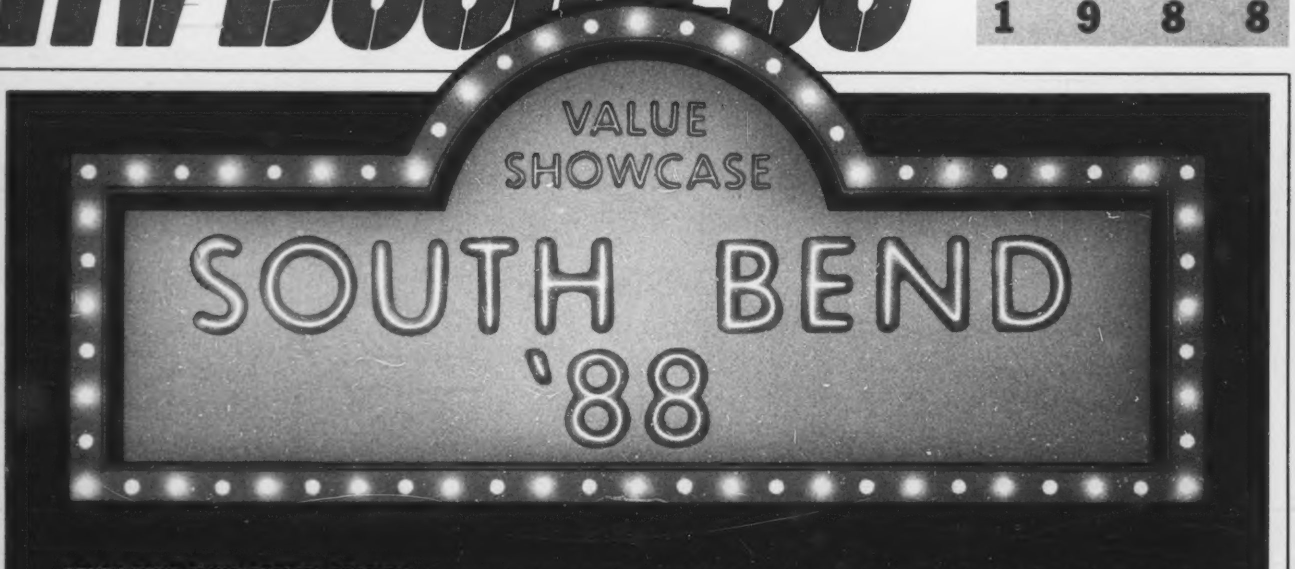

SOUTH BEND SHOW SPECIAL SECTION: A complete show section provides exhibitor listings, floorplans, a restaurant guide and an article on how dealers can get the most out of the show. See page 25.

Chevrolet Shocks Converters by Ending Dealer Drop-Shipping

Van converters and Chevrolet dealers were rocked by an early July announcement from General Motors Corp. (GM) that, effective June 30, incomplete vans will no longer be available through Chevrolet dealers after current dealer stock is exhausted. Incomplete Chevrolet units for conversion will now only be offered to authorized pool accounts for their exclusive use.

Tom Pfingst, assistant director of fleet sales and special vehicles at GM's Chevrolet Motor Division, Warren, Mich., explained, "Under our new policy, Chevrolet will no longer accept from a dealer the option that allows for a seat delete on the G or M van and for an upfitters package discount on the van, which is $741 or comparable to a free air conditioner. If a dealer wants that type of vehicle, then he must take it from an approved Chevrolet bailment account. He can no longer order those options through his normal retail system."

Pfingst said that the policy "makes a level playing field" for all Chevrolet dealers since the dealer will be able to order the chassis and get it at his cost through one of the company's approved bailment accounts. "Actually, in most cases," he said, "the dealers' costs will be lower, because right now it is our understanding that G vans in Elkhart, Ind., are going for as much as $300 over invoice. We think this will address that problem once and for all."

Acknowledging that the policy will make it "extremely difficult" for many smaller, nonpool converters to get chassis, Pfingst said Chevrolet would attempt to assist those converters by creating more pool accounts.

Pfingst warned, however, that converters will have to meet strict requirements for pool status, including: the capacity to deliver a minimum of 300 Chevrolet or GMC vans a year; a minimum-value $3,000 upfit in the conversion of the vehicle; membership in either RVIA or the National Van Converters Association (NVCA); and facilities and working capital capable of handling the business. Finally, Pfingst added, a converter seeking entry into the pool must "show that he basically has the capacity to grow."

Predictably, reactions from van converters and dealers have

continued on page 12

U-Haul Trims RV Rentals And Service

In an effort to protect its embattled market share in the do-it-yourself moving business, U-Haul International Inc. is pursuing a "back-to-basics" strategy in which the Phoenix, Ariz.-based rental giant is concentrating more on its core moving business and less on the RV service and motorhome-rental side of its nationwide operation.

The result has been a phasing down of a number of programs, including special RV travel-club discounts, road services and retail repair work at the company's 450 Rec Vee World outlets across the country.

A reduction of the company's rental fleet from approximately 5,000 units to 3,600 units by this

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RV BUSINESS

VOLUME 39, NUMBER 9

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COVER ILLUSTRATION: WIL CORMIER

AFTERMARKET REPORTS STRONG SALES GROWTH IN FIRST QUARTER

MORTON J. MARCUS

Figure 1

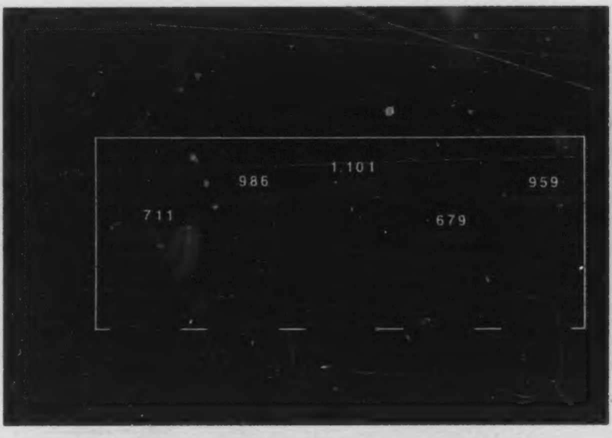


Figure 2

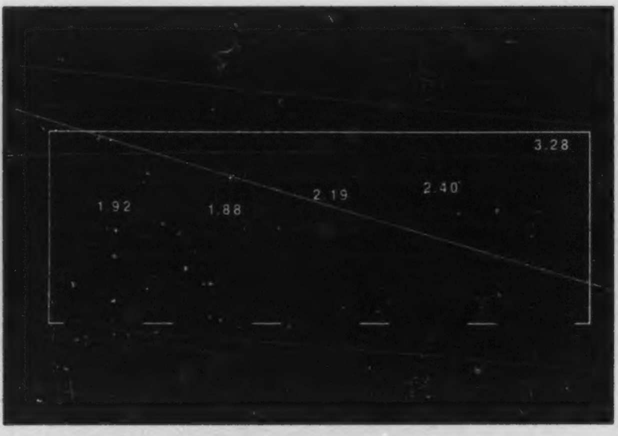


Figure 3

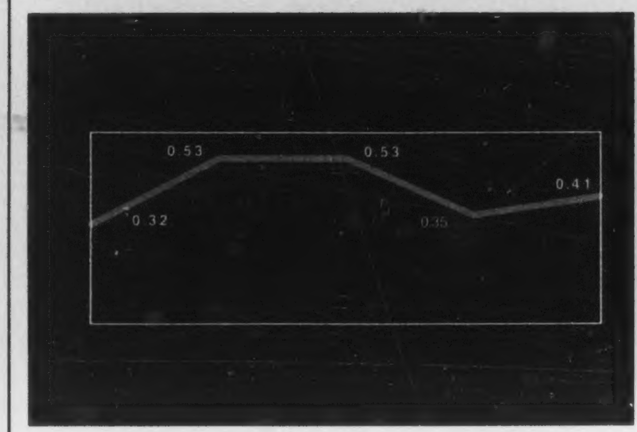
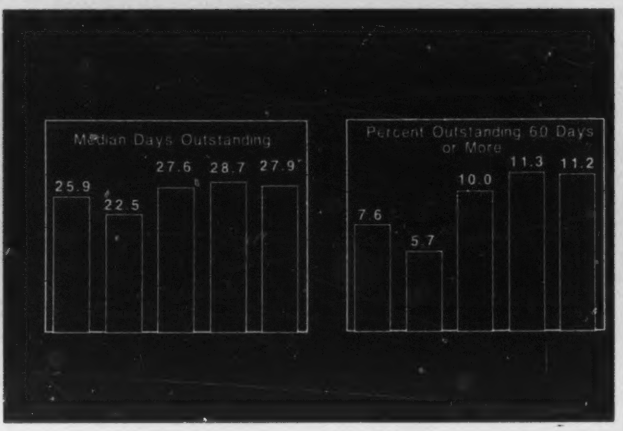


Figure 4



Warehouse Distributors Association (WDA) members reported total sales of $36.5 million in the first quarter of 1988.

This was an increase of less than 1%, but it was achieved by only 30 reporting establishments in 1988, compared with 34 units in the same quarter a year ago. Thus, there was an increase in the average sales per establishment of nearly 14% over the course of the year. For the first quarter of 1988, the average sales were $1,215,000 per unit, compared with $1,067,000 per unit a year earlier.

For the 21 establishments that participated in this voluntary quarterly statistical survey in *both* first quarters (1987 and 1988), the average increase was in excess of 8%, rising from $1,088,000 per unit in 1987 to $1,175,000 this year. These companies are referred to as *continuing* firms.

Averages tend to give extra emphasis to the largest units. Median sales, meaning that half of the units are higher and that half are lower than the median number, showed a huge 35% increase for all firms and a nearly 12% rise for continuing firms, as seen in Figure 1.

This strong sales growth was reported by U.S. firms; Canadian firms as a group had a decline in sales volume.

The hearty rate of sales growth led to a major increase in reported inventory, as seen in Figure 2. The median firm had an inventory of $3,283,000 in the opening quarter of 1988, up 37% from the closing quarter of 1987 and up 70% from a year earlier. The total inventory reported at the close of the first quarter was more than $82 million for 25 firms, compared with nearly $87 million reported by 31 firms a year earlier.

From these data, it would appear that the firms *not* reporting in both periods were smaller firms The 17 continuing firms reporting in both periods had an increase of 17% in inventories, with a 30% increase in the median inventory level from a year earlier.

These major inventory increases were not necessarily a danger sign. A meaningful interpretation of the WDA survey data is complicated by the changing composition of the participants. As seen in Figure 3, the median sales-to-inventory ratio improved, rising from 0.32

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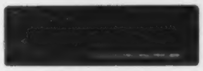
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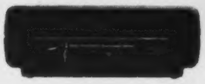
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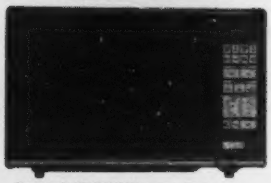
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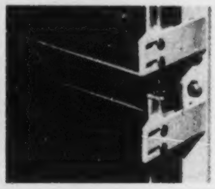

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in the first quarter of 1987 to 0.41 in the latest survey. Continuing firms reported an increase from 0.37 to 0.41 in the course of the quarter.

Little change was found by the WDA survey for receivables. The number of days for the median firm was 27.9 days in the first quarter of this year, compared with 28.7 days in the last quarter of 1987. This year's first-quarter reading was up two full days from a year earlier, but continuing firms (for which results are more meaningful) showed a decline in days receivable from 25.9 to 23.6 over the course of the year.

> *These major inventory increases were not necessarily a danger sign . . . As seen, the median sales-to-inventory ratio improved, rising from 0.32 in the first quarter of 1987 to 0.41.*

This suggests that noncontinuing firms had considerably older receivables than those that regularly participate in the WDA survey.

The median firm had 11.2% of receivables outstanding 60 days or more in the first quarter of this year. As seen in Figure 4, that was up substantially from 7.6% in the first quarter of 1987. Again, the continuing firms seemed to be the ones with tighter receivables control; only 8% had receivables outstanding 60 days or more for the first quarter of 1988, compared with 11.2% for all firms.

All WDA aftermarket data are obtained from confidential reports returned voluntarily by members' firms for tabulation by the Indiana Business Research Center at Indiana University. Each participating WDA member receives a private report in which that firm's record over the past five quarters is compared with industry averages. To the extent that the participation is improved and is continuous, the results are more meaningful. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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DAB PERSPECTIVE

DEALERS CITE MIXED MAY SALES

GAYLORD MAXWELL

May was a very mixed month on the retail front. Nineteen percent more dollars were taken in by RVB's Dealer Advisory Board (DAB) than in the previous May. Half of the members of the board were up in sales. Several recorded fabulous increases, and one reported it was the best month in his 23 years in business. Two others reported record profits.

But not all reports were that positive. The fact is that half of the DAB members were down from May 1987. Specifically, three RV types decreased in new-unit sales: travel trailers, camping trailers and truck campers. Some dealers were discouraged by very weak profits or no profits at all.

A reasonably clear picture seems to be emerging. Quite simply, the big dealerships are getting bigger, and the smaller dealerships are losing ground. More than 75% of the DAB members who were up in sales for the year-to-date are large dealerships. Four of the five who reported sales in excess of a million dollars for the month were up more than 50% from the previous May, and two were up more than 100%. Although the increases were not so dramatic, those same dealers were up substantially for the year-to-date.

Conversely, those DAB members who were down substantially are small or medium-size dealerships.

Reports of new-unit inventory conditions were mixed, as DAB members were about equally divided in the high, average and low areas. Used inventory was low, according to half of the advisory board members.

The used picture was quite bright. Sales were up in three categories but were the same as last May for the other two. Profits were reported to be generally good to excellent.

The service-and-accessory business was reported to have weakened slightly.

Motorhomes

Increased sales of new motorhomes generally accounted for the increase in dollars taken in, both for the month and for the year-to-date. Although new-unit sales were slightly off the pace for the year so far, they were still on the plus side. Extra sales went to a couple of the large dealerships.

Used sales were at the same level as those of last May. Many dealers were complaining of short supply—especially of the good, clean, lower-priced units.

Profits were rated from good to excellent.

Travel Trailers

Sales of new travel trailers continued to plug along slightly behind last year's pace. The percent drop for May was greater than the year-to-date percent drop. The number of trailer dealers on the DAB who were down from the previous year was double that of those who were up. Yet, no one seems to be dropping out of the ball game.

Used trailers continued to sell well, and the supply seemed to be adequate.

Trailer profits were rated from fair to good.

Truck Campers

Not many of our board members stock new truck-camper units, but those who do sell them managed to get a few sales.

Although new-unit sales continued to lag a bit for our DAB members, profits ranged from good to excellent. In fact, campers received a higher percentage of excellent profit ratings than any other category.

Camping Trailers

New-unit sales were definitely down. Even the DAB members who normally get big numbers were off the pace. One explanation is that show buyers have not been as plentiful this year, but no one knows why. Used units were doing better; sales were up in May, and the year-to-date figure was the same as last year.

Profits softened, too, with ratings from poor to good.

Fifth-wheels

Fiver sales have been strong all year, and they seem to be getting stronger. May's whopping 44% increase in new-unit sales over May of last year was impressive, as was the 24% year-to-date increase. Used sales were equally good. The only explanation for the upsurge is that the older people who buy them have the money, and they're heading South.

Profit ratings were mixed, ranging from fair to excellent. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	168	157	+ 7	765	671	+14	146	146	0	684	687	<−1
TRAVEL TRAILERS	125	136	− 8	555	583	− 5	120	111	+ 8	537	494	+ 9
TRUCK CAMPERS	23	28	−18	91	117	−22	10	10	0	54	63	−22
CAMPING TRAILERS	115	145	−21	520	584	−11	52	42	+24	181	181	0
FIFTH-WHEELS	39	27	+44	160	124	+24	17	12	+42	118	89	+33

	FOR MONTH			YEAR-TO-DATE		
	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$15,266,844	$12,862,471	+19	$64,968,727	$59,205,278	+10
TOTAL UNIT SALES	815	814	<+1	3,665	3,593	+ 4
NEW-UNIT SALES	470	493	− 5	2,091	2,079	+ 1
USED-UNIT SALES	345	321	+ 7	1,574	1,514	+ 4

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Don Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindland,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridge[chton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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Supplier Group Seeks Voice In Industry

A new "steering committee" of RV industry suppliers has called for a meeting during August's Midwest Show in South Bend, Ind., to address concerns, ranging from trade shows to educational programs, common to supplier companies. The meeting apparently signals a new drive on the part of some OEM and aftermarket suppliers for a "stronger voice" in trade-association affairs and even, some argue, a separate trade association.

Special committee participants, who have already held three preliminary gatherings, said they believe that suppliers are a "forgotten people" without an adequate say in the three chief national trade associations in which they have a large membership share: Recreation Vehicle Industry Association (RVIA), Reston, Va.; Recreation Vehicle Dealers Association (RVDA), Fairfax, Va.; and Warehouse Distributors Association (WDA), Bradenton, Fla.

According to committee sources, members believe that RVIA is controlled by the OEMs, RVDA by the dealers and WDA by wholesalers. "In none of these organizations is their (the suppliers') agenda a priority item," said one committee insider.

Darryl Searer, vice president of the RV Appliance Group of Dometic Corp., Elkhart, Ind., and appointed spokesperson for the supplier committee, said

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ELECTRONIC WIZARDRY: High-tech electronic gadgets that were the stuff of fantasy a few years ago are now beginning to transform the RV industry. See page 22.

Controversy Erupts Over Chevy Van Policy Favoring Pools

The recent announcement by General Motors Corp.'s Chevrolet Motor Division that it would revamp its van-chassis distribution system to favor bailment-pool accounts is prompting strong reaction from nonpool van converters and Chevrolet dealers.

Under the new program, announced July 8 and effective for the 1989 model year, Chevrolet will no longer supply seat-delete incomplete vans for sale or drop-shipment through Chevrolet dealers.

Chevrolet officials have told

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Cruise America's Fly/Drive Rentals Hit New Highs

Foreign tourists, lured by a weak dollar, are pouring into the United States and spending travel dollars this summer at record levels, much to the delight of executives at Cruise America Inc., Miami, Fla., which operates the nation's second-largest motorhome rental fleet.

In early July, Bob Caldarone, director of marketing for Cruise America, estimated that the company's domestic fly/drive business was up 100% and that its international fly/drive trade was up about 70%. Fly/drive packages – in which airlines arrangements are coordinated with a rental motorhome pickup instead of a hotel reservation – now represent some 50% of Cruise America's business. And, Caldarone added, "It's increasing."

Growth in the fly/drive business has been so great that Cruise America has stationed 28-passenger buses at key ports of entry, such as New York, San Francisco and Los Angeles, to service arriving clients.

The booming rental business to foreign visitors is one reason that Cruise America – which has a network of 3,000 rental motorhomes, 120 satellite renttal agencies and 30 "gateway hub" facilities at major airports – was singled out in July by *Fortune* magazine as one of the country's "companies to watch." Cruise America, according to a J.W. Charles Securities analyst, also is expected to in-

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COVER ILLUSTRATION: JEANNIE WINSTON

RV BAROMETER

INDUSTRY NEWS

TRENDS

RVIA Projects Increased RV Demand and Shipments in 1990s

RVIA is projecting a bright future for RV sales in the 1990s, based on a combination of market research data from its New York public relations firm, Burson-Marsteller, and statistical information from the U.S. Department of Commerce.

Using market research on the purchases of various classes of RVs by heads of households and the projected U.S. population of males through the year 2000, RVIA developed a pattern of expected demand, with 1985 as the base year (see Figure 1).

Expected Demand

	1985	1990	1995	2000
Travel Trailers/Fifth-wheels	100%	117%	157%	169%
Folding Trailers	100%	171%	180%	189%
Truck Campers	100%	158%	167%	175%
Class A and C Motorhomes	100%	130%	139%	152%

Figure 1

Applying those percentages to industry shipment data for the base-year 1985, RVIA also projected future shipments (see Figure 2).

Expected Shipments

	1985	1990	1995	2000
Travel Trailers and Fifth-wheels	75.4	88.2	118.0	127.0
Folding Trailers	35.9	61.4	64.6	67.8
Truck Campers	6.9	10.9	11.5	12.1
Class A and C Motorhomes	62.0	80.6	86.2	94.2

(Data expressed in thousands)

Figure 2

Commenting on the data, Bill Garpow, vice president of communications for RVIA, emphasized that the projections are based on the assumption that current market forces will remain basically stable, "which, of course, won't be the case."

Garpow was quick to add, "However, we do know that there is a known percentage of the population that will soon be reaching the age group of the RV buyer. While those people who are moving into that age group do not necessarily possess the same demographics as the people who are currently in that age group, I think we can say that the tendency is there for them to mirror past trends. What it all boils down to is that this seems to indicate a certain level of opportunity for our industry, and we think the data should be of interest to our membership and to dealers."

Speaking for dealers, Bob Strawn, executive vice president of RVDA, supported RVIA's predictions. "We developed our own projections a few years ago and, in fact, published that data for our members in *RVDA News*. It came very close to what RVIA is projecting now, and we would agree that there is some very bright potential for our industry on the horizon," he said. "The big challenge, of course, is to make sure we are able to respond to it." Δ—*Robert Longsdorf Jr.*

ACQUISITIONS

Thetford to Merge and Go Private

Thetford Corp., Ann Arbor, Mich., a publicly held manufacturer of portable sanitation equipment and RV holding tank chemicals, has entered into a definitive acquisition-merger agreement with the privately held Dyson-Kissner-Moran Corp. (DKM), a New York, N.Y., conglomerate, which would take Thetford private.

Under the merger plan, if approved, an affiliate of DKM is to be merged into Thetford, with Thetford's shareholders paid $33 per share. Thetford will then become a privately held company retaining its current corporate name and management.

In connection with the merger pact, DKM has entered into a proxy and voting agreement with certain directors and officers of Thetford and their family members, who hold approximately 43% of the outstanding stock. The voting agreement would give DKM the right to vote such shares for the approval of the merger agreement. After the merger, those members of Thetford's management will remain stockholders in Thetford and will continue in their management capacities.

The merger hinges on the expiration of regulatory waiting periods and approval by Thetford's shareholders, who are to hold an as-yet-unscheduled special meeting to vote on the matter, according to a June 29 release from Thetford.

The merger agreement was approved by Thetford's board of directors upon the recommendation of financial adviser, Prescott Ball & Turben Inc. Δ

CAMPGROUNDS

KOA, Forest Service Re-evaluate Campground Partnership Plans

Officials of Kampgrounds of America Inc. (KOA) and the national Forest Service announced that they will re-evaluate a plan for a potential partnership at selected forest campgrounds, which has met resistance from RV groups as well as some Forest Service personnel.

"I would have to say that this whole idea has become a little more difficult than we had anticipated," said Marcus Petty, the Forest Service's specialist in developed sites. "Frankly, we also weren't prepared for the negative reaction we received from the Good Sam Club® and other groups. As a result of that, the message that we are getting is that people want to keep things rustic but perhaps have a few more amenities, such as electrical hookups and hot showers. They are opposed, however, to the overcommercialization that they see as a possibility if more private enterprise is brought into the forests. So, we are stepping back a bit to see just where we need to put our focus."

In fact, results of a recent Good Sam Club membership survey indicate that an overwhelming number of those RVers are fearful of overdevelopment and commercialization of the forests. "The general consensus is that there are ample commercial operations

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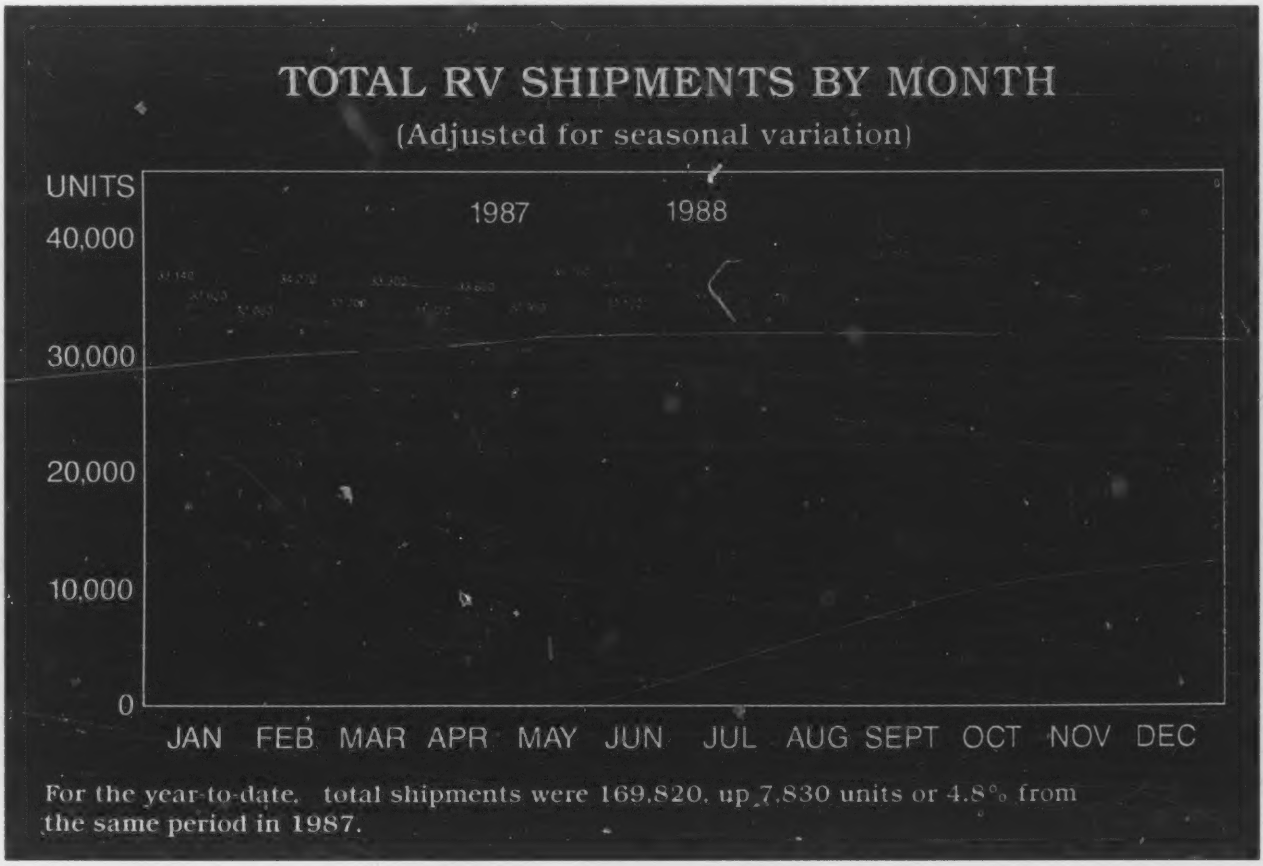
MAY SHIPMENTS LEAP AHEAD TO BREAK PATTERN OF STAGNATION

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 169,820, up 7,830 units or 4.8% from the same period in 1987.

Figure 1

In last month's column, we complained about the dullness of the shipment data. Nothing was happening. The shipment numbers were moving about in a narrow range, providing little providing little promise and little disappointment.

Then the May shipment numbers arrived from RVIA, and, with our usual adjustment for seasonal variation, we found a springtime breakout in motion.

May's Excitement

The May shipment numbers totaled 41,600 unadjusted and came in at 35,760 units *(see Figure 1)* when normal, seasonal factors were brought into play. This was the best level of shipments since October. It broke the pattern of stagnation, lifting shipments in May by nearly 2,000 units above the level for April, and more than 3,400 units above the number shipped during May 1987.

May was the fourth consecutive month in which shipments exceeded the levels of the same month a year earlier. Thus, for the first five months of 1988, shipments were 7,800 units (nearly 5%) ahead of the pace in 1987.

Details of Strength

Where was the industry improving in May? It improved in just about every sector.

There were two down notes: Micro-minimotorhomes were off from their April total by about 130 units (which is a huge 48% drop but only because of the small volume in this segment of the market). The other decline came in Class B motorhomes (van campers), where the decline was about 5 units, or not enough to notice.

Everywhere else, gains were observed. *(See Figure 2.)* All towables performed better in May than in April. Led by park models and folding camping trailers, each of the five towable types gained.

Despite the fact that two of its five types were down in May, motorhomes also advanced, with nearly 500 more Class A units shipped during the month.

Market-Share Changes

Meanwhile, van conversions added 900 units for a 5% gain. This was about 47% of the total increase (1,900 units) recorded by the industry as a whole in May. Van conversions continued

CHARTS: CUSTOM COLOR VISUALS

to hold about that share of the total market, a slight improvement, which was up 0.4 market-share points over conversions' relative market position in 1987. *(See Figure 3.)*

Other market-share changes for the year were seen in the redistribution from motorhomes to travel trailers. Thus far in 1988, motorhomes dropped 0.9 points, going from 17.9% to 16.8% of total RV shipments.

Vans conversions picked up part of that market-share shift, and the remainder went to towables, which have garnered more than half the loss of motorhomes.

Three High Months

Normally, March, April and May are peak months in the shipment of recreational vehicles. Therefore, the numbers presented in Figure 4 are the most encouraging for 1988's prospects.

During these peak months, total shipments were 102,930 units. That translates into an annual pace of nearly 412,000 units. Last year, those three months yielded an annual rate of 387,000 units, and when the same three months in 1986 were annualized, the total was just 366,000 units.

During these three peak months, 1987 ran 5,260 units (5.3%) ahead of 1986. This year the industry was doing even better, with nearly 6,200 more units shipped than in 1987, or a 6.4% increase.

This was the best level of shipments since October.

Positive Across the Board

This positive trend was present for both towables and motorhomes, and it was broken only slightly by van conversions. In every respect then—whether compared to earlier months of this year, compared to the same month a year ago or compared as a part of the same high shipment quarter over a number of years—May 1988 was a very strong month for RV shipments. Δ

In every respect, May 1988 was a very strong month for RV shipments. All towables performed better, and motorhomes also advanced.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	14.1	15.3
Park Models	2.0	1.7
Fifth-wheels	7.6	6.4
Folding Camping Trailers	10.1	9.9
Truck Campers	2.5	2.5
Motorhomes:		
Class A	9.7	9.5
Class B Van Campers	1.1	1.5
Class C:		
Minis	4.9	5.0
Low Profile	0.5	0.7
Micro-minis	0.6	1.2
Multiuse Van Conversions	46.7	46.3

Detail may not add to total because of rounding.

Figure 3

RV SHIPMENTS BY TYPE OF UNIT
MARCH AND APRIL 1986-88
(Adjusted for seasonal variation)

Mar-May	Total RVs	All towables	Motor-homes	Multiuse Van Conv.
1986	91,510	30,330	15,670	45,510
1987	96,770	33,700	17,680	45,390
1988	102,930	36,640	18,030	48,260
Percent change				
1986-87	5.7	11.1	12.8	-0.3
1987-88	6.4	8.7	2.0	6.3

Detail may not add to total because of rounding.

Figure 4

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	MAY 1988	PERCENT CHANGE FROM APR	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
TOTAL RVs	35,760	5.6	169,820	161,990	4.8
Travel Trailers:					
Conventional	4,840	1.0	23,970	24,710	-3.0
Park Models	770	18.7	3,410	2,780	22.7
Fifth-wheels	2,680	2.5	12,990	10,440	24.4
Folding Camping Trailers	3,300	13.1	17,130	16,080	6.5
Truck Campers	850	5.2	4,330	4,110	5.2
Motorhomes					
Class A	3,630	11.8	16,460	15,380	7.0
Class B Van Campers	360	-1.1	1,940	2,460	21.1
Class C					
-Mini	1,880	-3.8	8,400	8,090	3.9
-Low Profile	190	100.9	830	1,130	26.0
-Micro-mini	140	-48.5	1,020	1,890	46.3
Multiuse Van Conversions	17,130	5.0	79,340	74,920	5.9

Note: Percentages are computed from unrounded data.

Figure 2

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends. He also writes RVB's regular "WDA Aftermarket" and "Quarterly Forecast" analyses. The "Quarterly Forecast" is prepared by the Indiana Econometric Model Project, R. Jeffrey Green, director.

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SEPTEMBER 2, 1988

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9/2/88

GM, RVIA Meet on Liability Issue

Announcing their desire to "better serve RV manufacturers and address concerns about product liability exposure," General Motors (GM) Corp. executives called a special meeting in July with RVIA representatives.

According to Jay Ganatra, manager of chassis products for GM's Pontiac, Mich.-based truck and bus operations, the meeting was called out of concern about a number of safety-related issues, such as the recent Ford ambulance chassis recall, the National Highway Traffic Safety Administration (NHTSA) investigation of fuel-spurting problems in Class A motorhomes and reports that federal regulators may call for

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Ford Seeks 30% Share With 'A' Chassis, Service

Ford Motor Co., Detroit, Mich., officials announced that the company hopes to garner 29% to 37% of the domestic Class A motorhome market with the addition this fall of a new 16,000-pound gross vehicle weight chassis and of a new comprehensive service program, including some emergency road services, for all Ford RV-related products.

"We wouldn't get into the business unless we expected to be a major player with this (16,000-pound) chassis," said Jerry Mittman, Ford's RV/OEM sales manager, during the first public showing of Ford's new

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A NEW WAY TO TARGET BUYERS: Research in "psychographics" offers new insights into RV-consumer psychology and buying patterns. See page 18.

Dometic to Buy A&E Systems

The Dometic Corp., Elkhart, Ind., announced Aug. 10 that it had signed an agreement to purchase, for an undisclosed amount, A&E Systems Inc., Santa Ana, Calif.

Neither Dometic nor A&E spokesmen were available for comment on the announcement or on any future organizational, management or product plans arising from the A&E acquisition.

In a prepared statement released at Dometic's Elkhart headquarters, Gerald R. Wannamaker, Dometic president, stated, "Together with our customer acceptance, manufacturing capabilities, quality work force and now A&E Systems, we will continue our growth and sound financial returns."

Founded in 1969 in Elkhart, Dometic is a manufacturer of products and services for the RV, marine and lodging industries, as well as the residential and commercial gas air-conditioning markets. Product brands include Duo-Therm, Minibar, Origo and Servel.

Dometic maintains manufacturing facilities in Evansville and LaGrange, Ind., and currently employs 614 people.

A&E Systems is one of the largest U.S. manufacturers of aftermarket RV accessories. It produces awnings, manual-hydraulic and electric leveling jacks, storage pods, stabilizer systems, wind deflectors, security systems and satellite antennas, under a variety of model names. Δ—*Robert Longsdorf Jr.*

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RV BUSINESS

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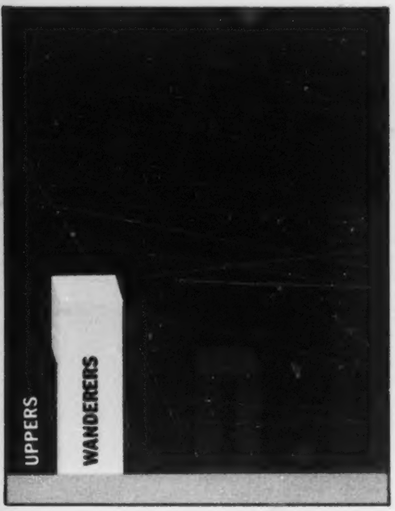

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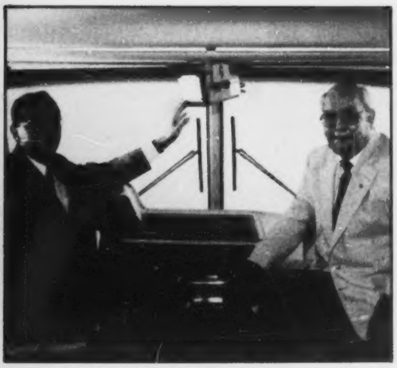

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PAPER SCULPTURE: ROBERT LAMARCHE
COVER PHOTO: HOWARD GOLDSTEIN

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DAB PERSPECTIVE

JUNE FIGURES DITTO LAST YEAR'S

GAYLORD MAXWELL

On the retail front, RVB's Dealer Advisory Board (DAB) tells us that June was very similar to June of last year – good, but not fantastic. Dollar and unit figures are almost identical, with a 2% increase in dollar sales and a 1% decrease in units.

In new units, two categories (travel trailers and truck campers) were up from June of '87. Year-to-date, three categories were still on the plus side (motorhomes, travel trailers and fifth-wheels). Used sales were up in two categories (camping trailers and fifth-wheels) for the month. Both of those categories, with the addition of travel trailers, were also up year-to-date.

Although sales volumes for the DAB were up only slightly for the month, the year-to-date figure showed a substantial increase in the number of dollars taken in. With unit figures almost identical to last year, it is apparent that more expensive units were sold this year.

More than half of the DAB members were up in dollars for the month. Again, the larger dealerships have been getting an increasing share of the market.

Profits on unit sales generally weren't too bad, reported the DAB. Not many dealers marked the excellent column, but neither did many of them mark the poor column. By far, almost all DAB dealers rated most categories as good. Service and accessory sales, however, were generally rated good or excellent. Bottom lines were good.

New-unit inventory levels got very mixed ratings – about evenly divided from high to low. However, used units were in short supply for many of the dealers.

Motorhomes

Motorhome sales dipped in June, not much, but it was a definite change from reports for the previous months this year. Used sales were off a bit. Even the big guys had their troubles; the eight large dealerships on our DAB were divided four-to-four between ups and downs in new-unit sales. On the other hand, most small dealers were down. Class A's were, by far, the big sellers.

Travel Trailers

It appears that this category has been pulled up by the bootstraps a bit. The new-unit sales jump in June was substantial. Used sales were off a bit, perhaps a result of low inventories. Two-thirds of the dealers on the DAB increased their new-unit sales over last June. June's increase, coupled with that of May, suggested that travel trailers are picking up in popularity – perhaps due to the fact that good tow vehicles, other than trucks, are available again.

Year-to-date, figures were finally in the plus column for both new and used.

Profits were generally rated as good.

Truck Campers

In terms of percentages, the new-unit sales increase was fantastic in June. The unit increase wasn't that dramatic. However, seven dealers recorded camper sales this year compared with only two last June. Sales numbers weren't large, but it appeared that more dealers are becoming interested in this RV type. Used sales were sluggish.

Year-to-date, numbers were still on the minus side, but this month makes them better.

Profits were rated good to excellent.

Folding Camping Trailers

Few of the dealers who sell fold-downs on the DAB were having a good year. June's performance was typical for the year-to-date. More than half of our board reported new-unit sales down for the month. Year-to-date, figures showed that the major dealers of this type were down considerably. No one seemed to have any explanations for the drop. Used units, however, were doing quite well – up substantially for the month – a sign of new buyers who are looking for an inexpensive way to camp.

Profits were generally rated good; however, there were four poor ratings – the most for any category.

Fifth-wheels

New-unit sales were off by one for the month. However, the tally for the year-to-date showed the best percentage increase of any category. Most successful dealers of this type are in primarily agricultural economies. Used sales were even stronger than new in terms of percentages.

Profits were rated somewhat varied, ranging from poor to good. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	JUNE 1988	JUNE 1987	% CHANGE	1988	1987	% CHANGE	JUNE 1988	JUNE 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	188	194	− 3	945	868	+ 9	152	164	− 7	846	861	− 2
TRAVEL TRAILERS	162	140	+16	717	700	+ 2	122	138	−12	645	608	+ 6
TRUCK CAMPERS	24	17	+41	115	127	− 9	7	10	−30	56	65	−14
CAMPING TRAILERS	138	156	−12	658	770	−15	55	36	+53	236	216	+ 9
FIFTH-WHEELS	34	35	− 3	194	163	+19	23	22	+ 4	140	110	+27

	FOR MONTH			YEAR-TO-DATE		
	JUNE 1988	JUNE 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$16,980,910	$15,598,848	+2	$81,955,817	$69,731,209	+18
TOTAL UNIT SALES	905	912	−1	4,552	4,488	+ 1
NEW-UNIT SALES	546	542	+1	2,629	2,628	< + 1
USED-UNIT SALES	359	370	−3	1,923	1,860	+ 3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridge[chton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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9/13/88

SEPTEMBER 16, 1988

Supplier Group Studies 'Union' With WDA

A group of RV industry suppliers has apparently gained momentum in its quest for a "stronger suppliers' voice" in industry affairs.

A majority of the 125 participants in an Aug. 10 meeting, conducted during the Midwest Manufactured Housing and RV Show in South Bend, Ind., opted to conduct formal "long-range planning" discussions with the Bradenton, Fla.-based Warehouse Distributors Association (WDA). Those talks are aimed at forming a "union" with WDA, which in the past few years has amplified the role of its supplier members.

If consummated, a marriage between the nation's key RV suppliers and WDA, which has a current membership of 192 suppliers, 56 distributors and 23 manufacturers' agents, would give the suppliers a more visible national platform.

The closer supplier alignment with WDA would also give the association a broader base in an era when distributor ranks are dwindling and could prompt a major restructuring of WDA's board, its agenda and perhaps even its name.

WDA President Larry R. Boyd, president of B&B Trailer Supplies Ltd., London, Ontario, Canada, stressed that, despite the outcome of such talks, WDA intends to maintain a strong role for its current distributor members. "I hope people don't get the wrong impression," Boyd said after the meeting. "I wasn't here to erode the distributor base (of WDA). I am here to help expand the supplier base in the association, and I see very

continued on page 12

TOPPING OFF THE TRUCK BOOM: Strong pickup sales have spawned expansion by aftermarket truck-cap makers and even lured Detroit automakers into the cap market. See page 45.

New Van Group Forms to Fight Chevrolet Chassis Policy

A stormy Aug. 24 rally in Elkhart, Ind., which was attended by more than 200 van converters, suppliers, bankers and concerned citizens, was the platform for the launching of the Van Industry Alliance (VIA), a new nonprofit organization of small, nonbailment van converters.

The new group hopes to pressure Chevrolet Motor Division, Warren, Mich., into changing its recently announced policy of restricting van-chassis distribution to Chevrolet pool accounts.

The rally began with a caravan of Ford and Dodge conversions that forced the closure of two blocks of Elkhart's Main Street. Elkhart Mayor James Perron, one of the rally's opening

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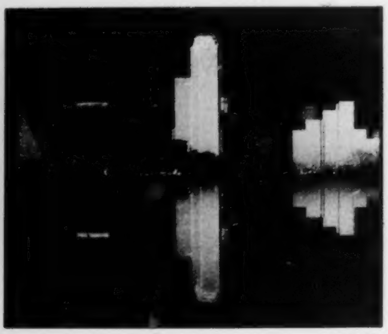

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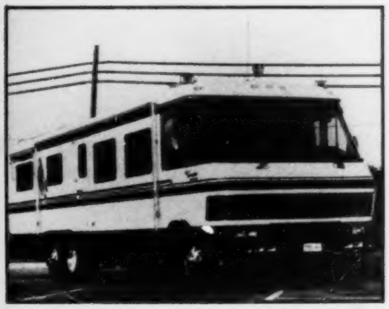

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COVER ART: JODY EASTMAN

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RV SHIPMENTS FOR JUNE ACCELERATE '88 GAINS

MORTON J. MARCUS

TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 205,650, up 11,560 units or 5.96% from the same period in 1987.

Figure 1

Total RV shipments, when adjusted for seasonal factors, were up in June.

Data from RVIA showed that shipments were up compared with *both* the previous month and the same month a year earlier. *(See Figure 1.)* This is the third consecutive month in which RV shipments have exceeded the previous month. June is also the fifth consecutive month in which shipments have been higher than those of the same month a year earlier; the month-to-month increase of May was minimal, but June 1988 was a strong 3,700 units ahead of June 1987.

This June advance is part of an accelerating year-to-year improvement. For the fourth consecutive month, shipments were not only higher than those of the same month a year earlier, but they widened the gap for the year-to-date compared with 1987. For example, a comparison of the difference from the same month in 1987 yielded:

	Units	Percent
March	600	1.8%
April	2,150	6.8%
May	3,410	10.5%
June	3,730	11.6%

In February, total shipments for the year were running less than 1,700 units ahead of that month in 1987. With the monthly increments shown above, that total was approaching a 12,000-unit increase from the previous year by the end of this June. Thus, for the year-to-date, total shipments were 6% above last year's tally at the end of June.

Where's the Strength?

As with any complex industry, the RV picture for the first half of 1988 is not well-described by an average. The 6% increase for the industry during the first six months of the year hid the fact that there were two distinct groups of winners and losers in the industry. *(See Figure 4.)*

All the *gainers* were doing better than the 6% industry average, and there were seven types of RVs in this fortunate group. This group also can be subdivided into the strong performers, which were doing more than 20% better than last year, and a second group, which was reporting about a 7% improvement from 1987:

Strong Performers	
Fifth-wheels	25.7%
Park Models	23.0%
Better Than Average	
Truck Campers	7.6%
Class A Motorhomes	7.6%
Folding Camping Trailers	7.1%
Class C Minis	6.3%
Van Conversions	6.3%

At the same time that the industry enjoyed these advances, there were four *losers* in the year-to-year comparisons:

Conventional Travel Trailers	−0.5%
Class C Low Profiles	−13.3%
Class B Van Campers	−15.1%
Class C Micro-minis	−48.8%

These dramatic differences in growth rates meant that market shares moved as well. As seen in Figure 2, conventional travel trailers, despite the fact that they were down just 160 units from a year ago, dropped a full point in market share as the majority of the business grew. Class C micro-minis also dropped half of their market-share points. On the up side, fifth-wheels advanced by 1.2 market-share points to win the title of "big gainer."

Comparing Half Years

Although the first half of 1987 witnessed a fine improvement of 5,600 total units compared with the January-through-June period of 1986, that increase was just half the gain made in the first half of 1988 when compared with the first six months of last year. *(See Figure 3.)*

Again, the real story lies in the details. The biggest swing was in van conversions. In 1987, they were running 4,000 units behind their 1986 pace. This year, they were more than 5,600 units ahead of the previous year by June's end. That is a positive swing of 9,600 units and the most dramatic aspect of the half-year comparisons.

Five unit types showed improvements in both years, but only fifth-wheels have had an acceleration of improvement, moving from a 1,400-unit lead in 1987 to a 3,200-unit improvement in 1988. In contrast, conventional travel trailers and Class B van campers have both lost some of the gains made in 1987.

In sum, the first half of 1988 has provided good gains for much of the RV industry. And, when we remember the gloom-and-doom forecasts made by the "Wall Street Sages" of last October, these advances are all the more sweet victories. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

FIRST SIX MONTHS
RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

	1986	1987	1988	Unit Differences 1987-86	Unit Differences 1988-87
Total RVs	188,440	194,090	205,650	5,650	11,560
Travel Trailers:					
Conventional	27,070	29,420	29,260	2,350	−160
Park Models	3,930	3,160	3,890	−770	730
Fifth-wheels	11,150	12,540	15,770	1,400	3,230
Folding Camping Trailers	17,450	19,620	21,010	2,170	1,390
Truck Campers	3,440	4,890	5,260	1,450	370
Motorhomes:	15,820	18,840	20,260	3,010	1,420
Class A					
Class B Van Campers	2,780	2,870	2,440	90	−430
Class C:					
Minis	9,220	9,850	10,470	630	620
Low Profiles	1,700	1,250	1,080	−450	−170
Micro-minis	2,360	2,160	1,110	−200	−1,060
Multiuse Van Conversions	93,530	89,490	95,100	−4,040	5,610

Detail may not add to total because of rounding.

Figure 3

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	14.2	15.2
Park Models	1.9	1.6
Fifth-wheels	7.7	6.5
Folding Camping Trailers	10.2	10.1
Truck Campers	2.6	2.5
Motorhomes:		
Class A	9.9	9.7
Class B Van Campers	1.2	1.5
Class C:		
Minis	5.1	5.1
Low Profiles	0.5	0.6
Micro-minis	0.5	1.1
Multiuse Van Conversions	46.2	46.1

Detail may not add to total because of rounding.

Figure 2

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

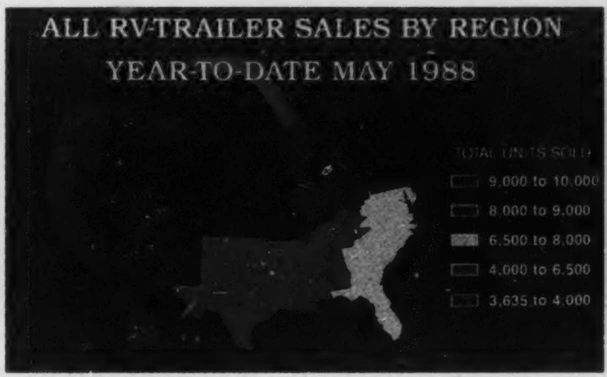
*TYPE OF UNITS	JUNE 1988	PERCENT CHANGE FROM MAY	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	35,830	0.2	205,650	194,090	6.0
Travel Trailers					
Conventional	5,230	9.3	29,260	29,420	-0.5
Park Models	460	-38.4	3,890	3,160	23.0
Fifth-wheels	2,780	3.9	15,770	12,540	25.7
Folding Camping Trailers	3,880	17.6	21,010	19,620	7.1
Truck Campers	940	9.7	5,260	4,890	7.6
Motorhomes					
Class A	3,610	4.7	20,260	18,840	7.5
Class B Van Campers*	500	40.2	2,440	2,870	-15.1
Class C					
-Minis	2,070	10.1	10,470	9,850	6.3
-Low Profiles	250	30.7	1,080	1,250	-13.3
-Micro-minis	90	-33.8	1,110	2,160	-48.6
Multiuse Van Conversions	15,760	-6.0	95,100	89,430	6.3

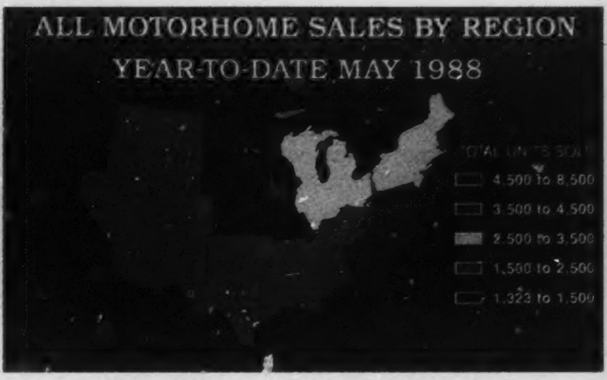
Note: Percentages are computed from unrounded data.

Figure 4

MAY SALES REBOUND FROM APRIL DIP

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific:** Alaska, California, Oregon, Washington, Hawaii; **South Atlantic:** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

1988 has been a roller-coaster year. It has been difficult to find two months in a row with similar indicators.

While April's RV-trailer and motorhome sales were down compared with the same month last year, both sectors' sales accelerated in May to surpass May 1987. The RV industry also continued to outpace 1987 on a year-to-date basis.

May motorhome sales by region of the country recorded four positives and three negatives compared with last May, while all regions were up in motorhome sales for the year-to-date. For RV-trailer sales, meanwhile, two regions out of seven were down compared with May of last year, and three of seven regions were negative compared with the same five-month period of 1987.

Overall, the motorhome market had a nationwide increase of 28.2% in May 1988 compared with May 1987. For the year-to-date, the market increased 8.9% over the same period of 1987.

Figure 1 shows the country's regions ranked by their percent of change in motorhome sales from May 1987. Within the South Atlantic region, Florida had the largest increase in total motorhomes sold. In the Northeast, New York was the state with the largest decline in units sold.

Figure 2 shows the same seven regions ranked by their percent of change in motorhome sales for the year-to-date. Among the Pacific states, California had the largest unit-sales growth. Oklahoma was the state with the largest decline in sales in the South Central section.

In comparison with the large increase in motorhome sales overall, May RV-trailer sales rose 7.72% from the same month last year. For the year-to-date, the market was 5.08% ahead of last year.

Figure 3 ranks seven regions by the percent change in RV-trailer sales from May 1987. The ranking of the same regions for the percent change in RV-trailer sales for the year-to-date is seen in Figure 4. Among the Mountain states, Arizona had the largest unit-volume increase for the month. In the East North Central region, Indiana reported the largest drop in unit sales from May 1987.

The most interesting fact derived from the RV-trailer data is that the Northeast is leading the nation in total unit sales of RV trailers. The Northeast is even outperforming the Pacific region, which has historically been the market leader for all RV sales. From the year-to-date data, it can also be seen that the greatest growth potential for RV trailers now lies in the Mountain region, compared with the fact the greatest growth potential for motorhomes is still in the Pacific market. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

MOTORHOME MARKET

May '88 Rank	Region	% of Change From May '88	April '88 Rank
1	S. Atlantic	15.5%	7
2	E. N. Central	7.2%	4
3	Pacific	6.0%	2
4	Mountain	5.6%	3
5	W. N. Central	–0.3%	1
6	S. Central	–1.0%	5
7	Northeast	–7.2%	6

May '88 Year-to-Date Rank	Region	% of Change From May '88	April '88 Year-to-Date Rank
1	Pacific	16.6%	1
2	Mountain	10.5%	3
3	W. N. Central	9.4%	2
4	Northeast	8.1%	4
5	E. N. Central	7.1%	5
6	S. Atlantic	1.5%	7
7	S. Central	1.1%	6

Figures 1 and 2

RV-TRAILER MARKET

May '88 Rank	Region	% of Change From May '88	April '88 Rank
1	Mountain	24.6%	3
2	W. N. Central	22.4%	2
3	S. Central	13.2%	6
4	S. Atlantic	9.2%	7
5	Northeast	7.3%	1
6	Pacific	–1.3%	5
7	E. N. Central	–1.8%	4

May '88 Year-to-Date Rank	Region	% of Change From May '88	April '88 Year-to-Date Rank
1	Mountain	26.4%	2
2	Northeast	17.3%	1
3	W. N. Central	12.7%	3
4	E. N. Central	1.6%	4
5	S. Central	–0.5%	6
6	Pacific	–1.4%	5
7	S. Atlantic	–8.5%	7

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Micro Makers Hail Toyota's New Chassis

Toyota Motor Corp. U.S.A., Torrance, Calif., has unveiled its 1989 micro-minimotorhome cab-chassis, prompting an enthusiastic response from micro-mini builders, who predict it will revitalize micro sales.

The Toyota chassis, which was unveiled at a July gathering of some 30 RV manufacturers in Southern California, features a 137-inch wheelbase, a 6-cylinder 150-horsepower V-6 engine, factory dual-rear wheels, a 17.2-gallon fuel tank and a choice of four-speed automatic or manual transmission. The chassis also offers micro builders an increase in the gross vehicle weight rating (gvwr) from 5,500 pounds to 6,000 pounds.

Hailing the new chassis as a very "positive development" for the micro-mini builders, Don Ray, president of Mishawaka, Ind.-based Mini-Cruiser/R.B.R. Corp., said, "I think the new chassis will do a great deal to restore the confidence of the consumer. Besides having an increased payload capacity, the 6-cylinder engine is a terrific performer and much more efficient than the old 4-cylinder engine. Once the customer gives the unit a test-drive, I think he will be very favorably impressed with it."

While he is upbeat about the chances for a turnaround in the micro market for next year and expects to begin production on the new chassis in October, Ray added that he is also concerned that some micro builders may see the increased payload capacity as an opportunity to build even heavier units. "I am very concerned that some of the

continued on page 12

ENTICING INTERIORS: Decorators and dealers share their views on how to make an RV still more enticing. See page 38.

R&R Custom Coachworks Debuts 'A' With Chrysler-Warranted Parts

R&R Custom Coachworks Inc., South El Monte, Calif., has introduced a new Class A motorhome, the Sterling Motor Coach, built on a chassis using Chrysler Corp.-warranted components, including a Dodge 360-cid engine.

The 24-foot-long Sterling, which comes in only one exterior color and one floorplan, will be available for sale by both Dodge truck and RV dealers. The units will have a single $39,995 suggested retail price. Factory-sponsored financing is available through ITT Commercial Finance Corp. and Chrysler First, the financing arm of Detroit, Mich.-based Chrysler.

The chassis is assembled by Vironex Inc., Canyon Country, Calif. But because the Chrysler chassis-related components—including the engine, an A727 automatic transmission, Dodge D-350 front-end suspension, brake system and other components—are purchased through the company's Acustar division, Acustar will extend to consumers a 12-month/12,000-mile warranty covering defects in materials and workmanship under normal use and service.

Additionally, those vehicles with engines equipped to meet emissions standards will have emissions-control items covered for five years or 50,000 miles after the delivery to the

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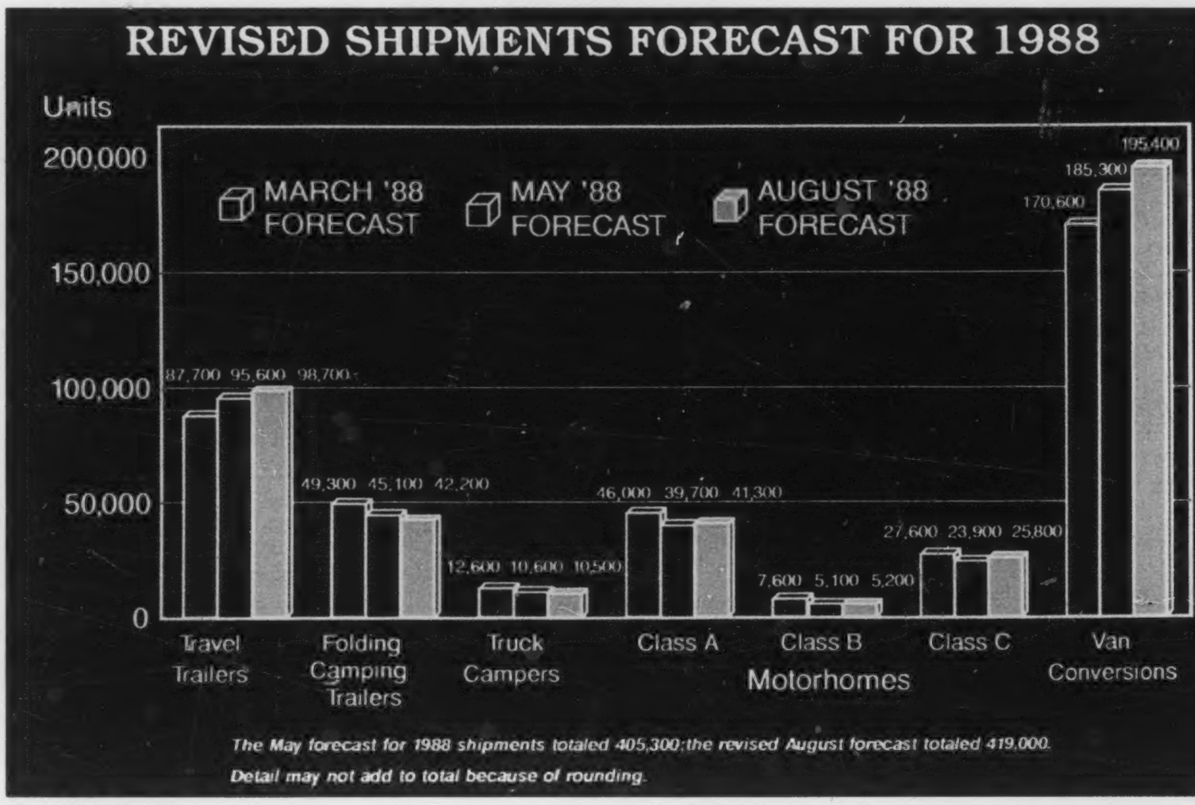
BULLISH VIEW OF 1988-89 SHIPMENTS

MORTON J. MARCUS



REVISED SHIPMENTS FORECAST FOR 1988

The May forecast for 1988 shipments totaled 405,300; the revised August forecast totaled 419,000. Detail may not add to total because of rounding.

Figure 1

How long can this economic prosperity go on? The continuing strength of the U.S. economy is becoming an embarrassment. Economists, government officials and particularly journalists keep waiting for the economy to slow down, but the perverse beast just keeps moving along.

The latest forecast prepared for *RV Business* is even more bullish than its predecessor. This industry has consistently run ahead of our earlier forecasts for all of this year. Now our model is indicating sustained strength in RV shipments in the second half of the year and into next year.

The last forecast *(see July 1, 1988, issue of RVB)* was low by 4,800 units, or 4.6%; it called for 100,400 units in the second quarter, while shipments actually came in at 105,200. We were right on target with 37,400 towables, and only 1,600 units shy for motorhomes, but we fell 3,900 (7.8%) units short in our forecast of van-conversion shipments, which alone accounted for more than 80% of the forecast error.

The greater-than-predicted strength in RVs was due to a stronger-than-expected national economy, and there are no signs of economic weakening in this forecast.

The National Forecast

Growth in the economy, as measured by the real gross national product (GNP), will begin to slow after the third quarter of 1988, but no recession is seen in the next year. *(See Figure 2.)*

Consumers will not be the dominant force in avoiding recession. Rather, our expectation is that business investment will be the leading sector, as U.S. firms continue to modernize their plants and equipment in the face of foreign competition.

The inflation-adjusted value of residential construction is expected to decline. Exports, benefiting from the lower value of the dollar compared with recent years, will grow faster than imports during most of the next four quarters.

To achieve this predicted favorable result, however, will take very sensitive management of the money supply and interest rates. *(See Figure 3.)* We expect the rate of growth of the available national resources for spending and lending, the M-2 money supply, to slow from about 8% to 6%. This slowing, along with continued demand for business and consumer loans, should move the prime interest rate up from the 8% area to more than 11% a year from now. That strong action is seen as the best way of keeping inflation, as measured by the Consumer Price Index (CPI), from crossing the 5% mark, which many consider the start of the inflationary danger zone.

The U.S. dollar, which has been getting slightly stronger recently, will get still more of a boost from the rise in interest rates but

QUARTERLY FORECAST

1988 GROWTH RATES

(Quarterly percent changes at annual rates)

	1988:2	1988:3	1988:4	1989:1	1989:2
Real Values	**Actual**	**Forecast**			
GNP	3.1	3.5	3.1	3.0	2.6
Consumer Spending	2.3	2.8	2.6	2.6	2.5
Business Investment	14.0	11.7	12.2	13.0	7.8
Residential Investment	2.8	–2.9	–2.5	–3.7	–3.3
Exports	8.0	9.2	7.7	6.6	5.6
Imports	–6.2	5.2	6.3	6.2	6.2

Figure 2

KEY FACTORS IN THE YEAR AHEAD

	1988:2	1988:3	1988:4	1989:1	1989:2
Prime Interest Rate (%)	8.8	9.8	10.4	10.9	11.4
Value of the Dollar (1973 = 100)	90.4	90.5	90.6	90.3	90.1
Unemployment Rate (%)	5.4	5.1	4.8	4.6	4.4
Percent Change at Annual Rates:					
Money Supply (M-2)*	8.1	7.4	5.8	6.0	6.0
Real Disposable Personal Income	–0.4	2.0	3.0	3.2	3.3
Consumer Price Index	4.8	4.2	4.3	4.2	4.1
Food & Beverage Prices	5.4	6.5	6.4	6.3	5.8
Motor-Fuel Prices	6.7	5.9	6.0	6.2	6.2

*M-2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 3

1988 RV SHIPMENTS

(Quarterly data are seasonally adjusted)

	1988:1	1988:2	1988:3	1988:4	Total
	Actual		**Forecast**		
Towables:					
Travel Trailers	24,000	24,700	24,900	25,100	98,700
Folding Camping Trailers	11,000	10,100	10,500	10,600	42,200
Truck Campers	2,600	2,600	2,600	2,700	10,500
Motorhomes:					
Class A	9,500	10,700	10,700	10,500	41,300
Class B	1,200	1,300	1,300	1,300	5,200
Class C	5,800	6,600	6,700	6,700	25,800
Van Conversions	45,900	49,900	50,400	50,800	195,400
All RVs	100,000	105,200	106,600	107,200	419,000

Note: Numbers may not add to total due to rounding.

Figure 5

ANNUAL TRENDS

	1987	1988	1989
Unit Auto Sales (millions)	10.3	10.7	10.7
Housing Starts (millions)	1.6	1.4	1.1
Federal Budget Deficit (billion $)	–157.8	–124.3	–105.6
Percent Change in Compensation per Manhours	4.6	4.4	–0.3
Productivity	1.0	0.9	–0.3
Unit Labor Costs	3.6	3.5	4.6

Figure 4

ANNUAL RV SHIPMENTS

	1987	1988	1989
	Actual	**Forecast**	
Towables	145,600	151,400	155,700
Motorhomes	74,900	72,300	70,800
Van Conversions	182,500	195,400	206,000
Total RVs	403,000	419,000	432,500

Note: Numbers may not add to total due to rounding.

Figure 6

should resume its downward movement in 1989. No dramatic movements in the dollar are expected, since all major nations will strive to keep currencies in line.

The CPI should stay below 5% for the next four quarters, despite the drought, the settlement of the Iran-Iraq War and other events. As seen in Figure 3, food and beverage prices are forecast to rise faster than prices in general but will hardly be out of control. The rise in motor-fuel prices, which is faster than the general rise in prices, is a negative force working on the RV industry, but it is offset by the steady growth of real disposable income.

This last factor is the most important influence on RV shipments. Thus, higher inflation or an increase in personal income taxes would lower real disposable personal income and send RV shipments backward. Interest rates are of consequence, too, and the forecast's rising rates certainly indicate a retarding force on the growth of the RV industry. But interest rates will still not create enough drag to start a tailspin.

There are areas of concern for 1989. Auto sales will be flat, and housing starts are expected to be down. *(See Figure 4.)* Many will probably say that, with the federal budget deficit declining, the economy needs stimulating. But, with unit labor costs rising, the Federal Reserve is likely to hold fast to its restrictive policy rather than allow inflation to take off. However, it will be a difficult feat to keep inflation from taking off while avoiding a recession simultaneously.

The RV Forecast

Our current forecast, prepared in mid-August, is up from our two previous forecasts. *(See Figure 1.)* Yet that revision is not uniform.

We have lowered our expectations for folding camping trailers and truck campers. Based on the strength of the second quarter, we also have raised our forecast upward for '88 motorhome shipments – but not as high as the first forecast in March.

However, the biggest change in the latest forecast is the strong upward revision in the expectations for van-conversion shipments. However, this sector may not achieve the lofty levels that the model indicates, unless employment prospects continue strong.

The biggest advances in the industry for 1988 are behind us. *(See Figure 5.)* Total shipments moved ahead by 5,200 units between the first and second quarters. The anticipated growth thereafter is only 1,400 and 600 units for the third and fourth quarters, respectively.

In the last quarter of the year, for example, towables will add only 200 units, motorhomes will drop by 200 units, and van conversions will add 400 units. The higher interest rates forecast for the national economy yield this slowing without stopping growth.

An Early View of 1989

Our model gives indications for continued but slower growth in 1989 for the RV industry. *(See Figure 6.)* In 1987, the industry advanced by nearly 11%. This year's growth is expected to be 4%; next year offers just a little more than 3% growth.

Clearly, the new Congress and the new administration will have a major challenge to put new programs and policies into place without disrupting the economic expansion. Both parties, however, are committed to new directions that imply new expenditures, and they can achieve their goals only with sustained prosperity. Meanwhile, continuing concerns about inflation, the value of the dollar and the banking system's stability will cause the Federal Reserve Board to maintain its policy of slow-to-moderate growth in the money supply.

In other words, we expect 1989 to be sheer delight for economic observers – as long as we can tolerate the excitement. Δ

This forecast is specifically produced for RV Business *by the Center for Econometric Model Research at Indiana University. The national forecast was prepared under the direction of Professor R. Jeffery Green, with the RV forecast developed by Lee A. Craig. The text and interpretation is the responsibility of Morton J. Marcus, director of the Indiana Business Research Center in the Indiana University School of Business.*

DAB PERSPECTIVE

JULY '88 IS CARBON COPY OF LAST JULY

GAYLORD MAXWELL

For RVB's Dealer Advisory Board (DAB), July 1988 was, in some respects, a carbon copy of the previous July. Unit sales were about the same for most types; some were up by a few units, and some were down.

The sales volume for the month was substantially higher than for July 1987 and consistent with the year-to-date increase.

In terms of profits, the picture was generally good. All types received predominantly good marks. Used units continued to bring good grosses. Marks for the service-and-accessory business were divided about equally between good and excellent.

Inventories were generally in good shape – with the exception that more than one-third of the board members said their new-unit supply was low. Of course, that was great with the new models already out by midsummer. Also, exactly half of the DAB members said that their used supply was low.

Year-to-date, the picture was about the same. In fact, 1988 and 1987 were only a few units apart in both new and used categories, while the total sales volume was up 10% for 1988.

Although the market was generally good, July was not one of the better months for many individual dealers. In fact, 70% of the DAB members were down in sales volume from the previous July – the exact opposite of where they were in July 1987. However, year-to-date, most of them were still ahead of 1987, which was an exceptionally good year.

Motorhomes

Both new and used motorhomes fell a few units short of matching last July's figures. Members of the DAB who were down in new-unit sales slightly exceeded the number who were up. Even the large-volume dealers had mixed results. Year-to-date, '88 was still well ahead of '87.

Used units outsold new in July, a fact consistent with what appears to be a trend. Certainly when one considers the number of private-party sales of used units, it is obvious that this aspect of the motorhome business is becoming more significant.

Profits were generally rated as good, with a few fair and excellent ratings.

Travel Trailers

New units managed to stay in the plus column for the month but barely. Year-to-date, sales were running about the same as last year. Used units slipped a little for the month but were still running ahead of last year. Trailer dealers on the DAB were almost evenly divided between those who were up and those who were down.

Profits were generally rated to be good, but there were a few poor ratings that were counterbalanced by an equal number of excellents. It is clear that business is somewhat spotty.

Truck Campers

For the three DAB members who reported new-camper sales in July, slide-ins were down considerably in terms of percentages, but not so dramatically in terms of units. Used sales showed the opposite.

Profits were rated excellent by one dealer and good by the other two.

Folding Camping Trailers

Fold-downs made somewhat of a comeback in July. A one-unit jump isn't much, but at least it isn't a minus figure. DAB members who stock this type were about evenly divided among those who were up and those who were down in new units compared with last July.

Profits were quite varied, with a range from poor to good. It was "blow-out" time for some dealers who took small grosses just to get units off flooring.

Fifth-Wheels

Consistent with the pattern for this year, fivers were up again for the month. The 25% increase over last July in new-unit sales was identical with the increase for the year-to-date. There's no question about it, this type is "on a roll" – a modest roll, perhaps, but definitely a roll. Actually, very few dealers on the DAB had impressive unit sales of fifth-wheels (most sell from one to three per month), but they were satisfied with results.

Profits were rated generally good, with a couple of marks in each of the other columns. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MOTORHOMES	154	158	– 3	1112	1032	+ 8	175	180	– 3	1005	1052	– 4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TRUCK CAMPERS	17	22	– 23	133	157	– 15	8	6	+ 33	72	79	– 9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FIFTH-WHEELS	40	32	+ 25	241	193	+ 25	18	17	+ 6	164	121	+ 36

	FOR MONTH			YEAR-TO-DATE		
	JULY 1988	JULY 1987	% CHANGE	1988	1987	% CHANGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL UNIT SALES	858	858	same	5,495	5,455	+ 1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USED-UNIT SALES	385	389	– 1	2,356	2,295	+ 3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dassen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridge(chton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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OCTOBER 17, 1988

Fleetwood Sets Program for Service School

Fleetwood Enterprises Inc., Riverside, Calif., is launching an ambitious slate of nine, five-day appliance service schools this fall and winter for Fleetwood dealers' technicians.

The seminars, agendas for which were developed by the firm's suppliers, will be held in nine U.S. cities and should draw close to 1,000 students this year alone, according to Erroll Cheney, Fleetwood director of parts and service for motorhomes and travel trailers.

Cheney—who has been working on the program for more than a year, including a pilot program conducted in March— said the company believes that the schools will benefit the entire industry by enhancing the professionalism and repair/troubleshooting capabilities of dealerships across the United States.

Cheney added that, if things go well this fall, Fleetwood may not view next year's curriculum as a proprietary program and may even consider dovetailing the program into training programs currently being developed by RV trade associations. *(See the related feature story about trends in service training on page 26 of this issue.)*

Fleetwood dealers were to receive updated schedules and registration cards in September for enrolling service personnel in the $125 seminars planned from mid-October through mid-February. The seminars are to be held in hotels in Omaha, Neb.; Hartford, Conn.; Atlanta, Ga.; Indianapolis, Ind.; Pasco, Wash.; Denver, Colo.; Dallas, Texas; and Sacramento and On-

continued on page 12

RV-UNIT PRICES ON THE RISE: In the news story below, a survey of RV makers reveals a wide range of price increases announced this summer and fall for 1989 model-year introductions. Rising supplier prices are cited as one factor causing inflated price tags.

RV Makers Boost '89 Prices

U.S. motorhome and travel-trailer manufacturers have been fighting to minimize price increases for the 1989 model year amid the mounting costs from aluminum, fiberglass, steel, rubber, copper and chassis suppliers.

While a surprisingly high number of companies have succeeded in levying only moderate increases by dipping into profit margins or re-equipping products with fewer standard features, many others have had no choice but to appreciably hike wholesale prices for the new model year.

A survey of RV manufacturers indicated that model-year price adjustments varied considerably. There were the occasional decreases: For example, Sun-Lite Inc., Bristol, Ind., actually lowered the price of its Sunbird foldouts by about 12%. But major manufacturers, such as Fleetwood Enterprises Inc. in Riverside, Calif., and Jayco Inc. in Middlebury, Ind., are planning price hikes of up to 8% and 9%, respectively.

Also, because new-model price hikes do not take into account midyear price increases levied in recent months by various companies, actual increases in some cases are in double digits. According to industry observers, further hikes are likely in many cases if there is no relief in escalating across-the-board raw material costs.

"We've had raw materials literally double in the last six months," reported John Burke, director of sales and marketing for the Camping Trailer Division of The Coleman Company Inc., Somerset, Pa., which described its price hikes as "under 10%." He added, "Our price adjustments were strictly due to raw material increases. And the sad thing is that it has not let up."

In contrast, Robert A. Gottschalk, executive vice president of the RV Group & Housing Group for Coachmen Industries Inc., Elkhart, Ind., said Coachmen is asking for increas-

continued on page 12

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7 Dometic Keeps A&E Lines, Calif. Site

7 Fogdall Named Dealer of Year

8 IMHA Board Votes Plan to Up RV Reps

8 RVIA Approves Record Budget

9 PRVCA Show Rated 'Success'

9 Chevy, Van Group Meet

10 Klingler Forms Wood-Products Company

10 Ford, Nissan Join to Build '91 Minivan

11 Starcraft Sells Boat Division, Focuses on RVs

11 RVIA Board Creates New Supplier Group

RV BUSINESS

VOLUME 39, NUMBER 14 OCTOBER 17, 1988 TWO DOLLARS

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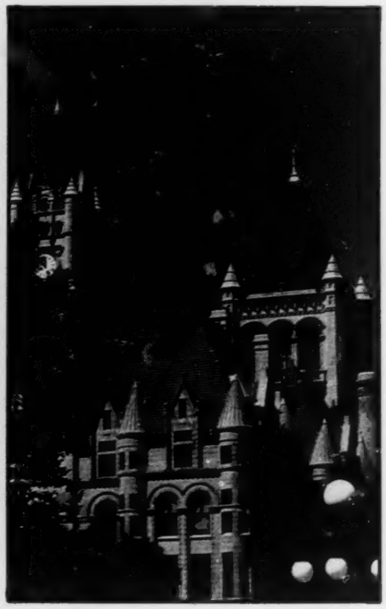

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COVER ART: CUSTOM COLOR VISUALS

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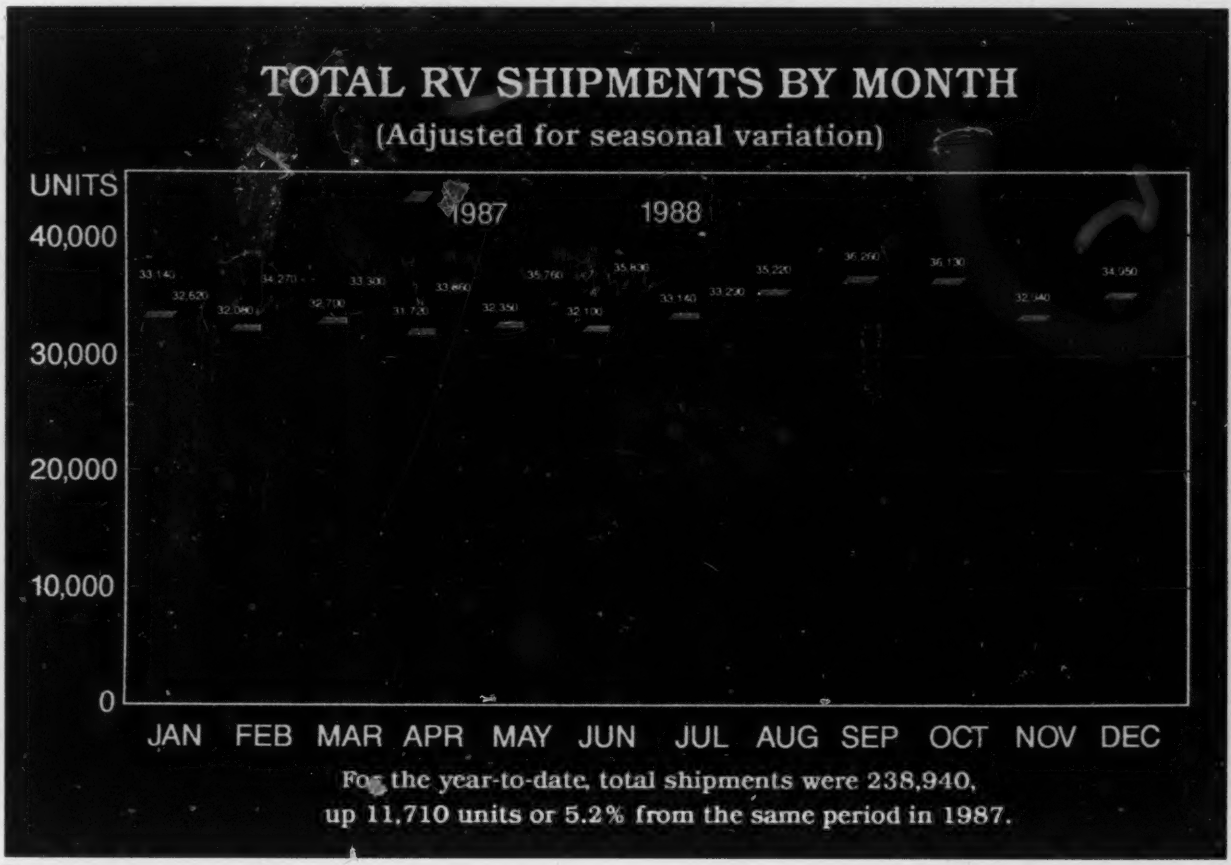
JULY DECLINE WASN'T BAD NEWS—JUST A NORMAL SEASONAL DIP

MORTON J. MARCUS


TOTAL RV SHIPMENTS BY MONTH

(Adjusted for seasonal variation)

For the year-to-date, total shipments were 238,940, up 11,710 units or 5.2% from the same period in 1987.

Figure 1

Things are not always what they may appear to be.

For example, in ordinary times, we would expect lower unemployment numbers to be hailed as good news, and good news should mean that the stock market goes up. But in the topsy-turvy world of our times, good economic news can be interpreted as a danger sign of overheating, which might lead to a tighter monetary policy and higher interest rates. In almost instant anticipation of those higher rates, whether or not they may occur, the market goes down.

Good news is usually bad news in today's market.

The RV industry is not as perverse as the stock market. But the seemingly bad news from RVIA about July shipments was not really bad news.

RVIA reported that July shipments were off by 14.4%, down from 38,200 to 32,700 units. That seems like a sharp decline—until we examine the normal seasonal pattern of RV shipments. In July, RV shipments are regularly down from June, and the extent of the decline this July was far less than the normal seasonal drop-off.

Hence, when adjusted for the variations usually associated with July, total shipments were still down, not by 14.4% but only by 7.1%. Actual shipments were off by 5,500 units, but the decline in shipments after adjustment was 2,500 units. Thus, more than half of the apparent decline was due to the usual July dip in shipments.

And, in a year-to-year comparison, shipments in July 1988 were higher than those of July 1987, if only by a scant 0.5%. That increase, however, made July the sixth consecutive month of increases over the same month a year earlier. For the year as a

GRAPHICS: CUSTOM COLOR VISUALS

whole, shipments were running 11,700 units, or 5.2%, ahead of 1987 by the end of July. *(See Figure 1.)*

Details of the July Decline

None of this interpretation takes away from the fact that shipments were down on a broad front in July.

Only two low-volume model types were up. There was a spectacular percent increase for Class C micro-minimotorhomes (more than 300%), but that was based on a rise of just 300 units, from 90 to 390. *(See Figure 3.)* An added 150 units for park-model travel trailers also yielded a positive reading in the month.

All other RV categories were down. Towables (the group including all travel trailers, folding camping trailers and truck campers) fell by 12.8%, or 1,700 units. Motorhomes dropped more than 800 units, for a decline of more than 12%. Only van conversions held close to June's level with a 400-unit (just 0.2%) decline.

The drop-off for motorhomes as a group pushed this type of RV into the red for the year-to-date, but Class A and Class C minimotorhomes were still ahead of the 1987 pace. Motorhomes were pulled down by the other two Class C types and Class B van campers, which were all down for the year compared with 1987.

In contrast, van conversions and towables remained ahead of the seven-month totals of 1987. Indeed, with 46% of the market *(see Figure 2)*, van conversions have accounted for 58% of the growth in total shipments thus far this year.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	14.2	15.1
Park Models	1.9	1.7
Fifth-wheels	7.5	6.5
Folding Camping Trailers	10.2	10.3
Truck Campers	2.6	2.5
Motorhomes:		
Class A	9.9	9.9
Class B Van Campers	1.2	1.5
Class C:		
Minis	5.0	5.1
Low Profiles	0.5	0.6
Micro-minis	0.6	1.1
Multiuse Van Conversions	46.4	45.8

Detail may not add to total because of rounding.

Figure 2

Expectations for August

We can expect the unadjusted data for RV shipments in August to be down again. That would follow the historic pattern of seasonality for the industry.

For example, if conventional travel trailers follow their seasonal pattern, we should see an 18% decline in reported shipments in August. Van conversions are normally down by nearly 12% in August from July levels.

Yet some types of RVs should increase shipments in August. Two examples: Park models usually rise by more than 20% in August, and Class A motorhomes usually gain about 14%.

Thus, when the data arrive from RVIA, we should pause and remember the strong seasonality of this industry before making any judgments about the direction of the market. Otherwise, we stand to look about as foolish as the Wall Street speculators who bounce and jump with each shift in the numbers reported in the daily press. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

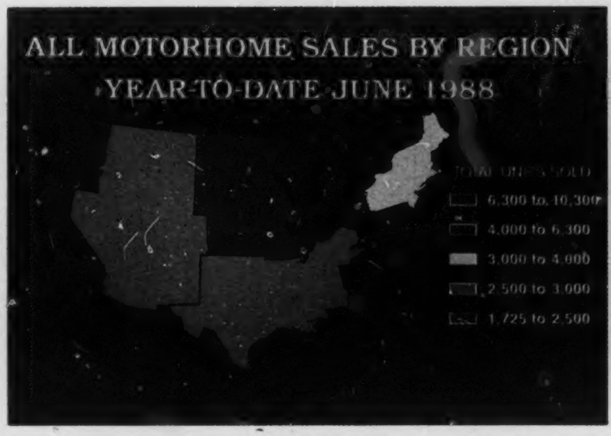
TYPE OF UNITS	JULY 1988	PERCENT CHANGE FROM JUNE	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	33,290	-7.1	238,940	227,230	5.2
Travel Trailers:					
Conventional	4,570	-13.6	33,830	34,270	-1.3
Park Models	630	33.5	4,520	3,790	19.2
Fifth-wheels	2,260	-18.7	18,030	14,800	21.8
Folding Camping Trailers	3,270	-15.6	24,280	23,370	3.9
Truck Campers	930	-0.3	6,200	5,610	10.5
Motorhomes:					
Class A	3,440	-9.5	23,710	22,500	5.3
Class B Van Campers	440	-11.8	2,880	3,420	-15.9
Class C:					
-Minis	1,500	-27.6	11,970	11,670	2.6
-Low Profiles	120	-51.9	1,200	1,370	-12.2
-Micro-minis	390	333.5	1,500	2,450	-39.1
Multiuse Van Conversions	15,720	-0.2	110,820	103,970	6.6

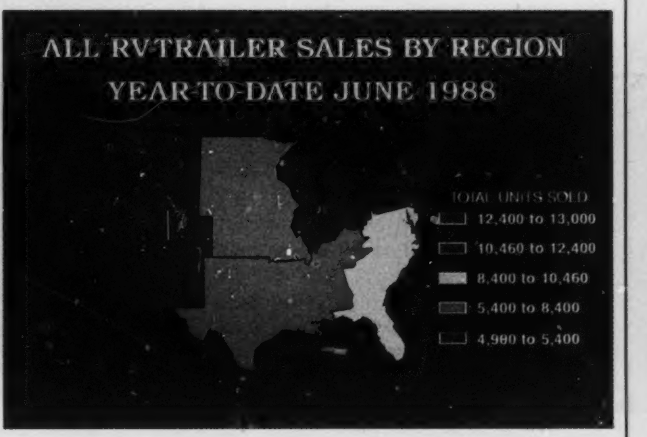
Note: Percentages are computed from unrounded data.

Figure 3

FIRST SIX MONTHS OF 1988 RECORD SOLID RV SALES

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

The first six months of 1988 have been good to the RV industry. The motorhome market was up 8.4% compared with the same period in 1987, and the trailer market was up 5.04% nationwide.

However, while motorhomes seem to be following their traditional sales path this year, trailers have shifted to new areas of strength, with the Northeast region developing into a major market.

It is of interest to note that different regions among the nation's seven major state groupings have dominated each month during the first half of this year. Figure 5 on the next page shows regional strength for motorhome and RV-trailer sales by indicating the highest ranked region each month as measured by its percent of change in sales compared with the previous month. This illustrates the seasonality of the RV industry and its regional effect.

According to June statistics on RV registrations, four regions recorded negative percent changes in motorhome sales compared with May. The trailer market was also down from May's tally in four regions. For the year-to-date, motorhome numbers showed two regions behind the same six-month period of last year, while RV trailers experienced only one region with a negative percent change compared with the first half of last year.

Overall, the motorhome market recorded a 0.5% drop for June compared with May, yet a year-to-date comparison revealed that the June market was 8.4% ahead of the first six months of 1987.

Figure 1 shows regions ranked by percent of change in June 1988 sales compared with May. Within the Mountain region, the state of Nevada had the largest percent of change on a month-to-month basis. The West North Central state of Kansas reported the largest decline in percent of change for that region.

The year-to-date rankings for the same seven regions of the country in terms of motorhome registrations are detailed in Figure 2. The state with the largest positive percent change in the Pacific region was Alaska. Florida had the largest negative percent change among the states of the South Atlantic region.

The trailer market had a 0.38% decline in unit sales in June 1988 compared with its May performance. For the year-to-date, the trailer market recorded a 5.04% increase compared with its position at the end of

MOTORHOME MARKET

June '88 Rank	Region	% of Change From May '88	May '88 Rank
1	Mountain	+29.1	4
2	Pacific	+ 8.2	3
3	E.N. Central	+ 3.0	2
4	Northeast	− 2.5	7
5	S. Central	−12.9	6
6	S. Atlantic	−16.1	1
7	W.N. Central	−16.2	5

Figure 1

MOTORHOME MARKET

June '88 Year-to-Date Rank	Region	% of Change Year-to-Date	May '88 Rank
1	Pacific	+17.3	1
2	Mountain	+16.7	2
3	E.N. Central	+ 7.5	5
4	Northeast	+ 7.4	4
5	W.N. Central	+ 3.9	3
6	S. Central	− .6	7
7	S. Atlantic	− 2.2	6

Figure 2

RV-TRAILER MARKET

June '88 Rank	Region	% of Change From May '88	May '88 Rank
1	W.N. Central	+14.3	2
2	S. Central	+ 9.4	3
3	S. Atlantic	+ .4	4
4	Northeast	− .6	5
5	Pacific	− 2.6	6
6	Mountain	− 5.0	1
7	E. N. Central	− 9.7	7

Figure 3

GRAPHICS: CUSTOM COLOR VISUALS

June 1987.

The regions are ranked by their percent change in sales from May in Figure 3. Within the West North Central region, the state of Nebraska experienced the largest positive percent change. In the East North Central states, Indiana experienced the largest decline.

This year-to-date rankings of the seven regions for RV-trailer sales are shown in Figure 4. In the Mountain region, Colorado reported the highest positive percent change compared with the first six months of last year. Among the South Atlantic states, Florida had the largest negative percent of change in unit sales for the year-to-date.

RV-TRAILER MARKET

June '38 Year-to-Date Rank	Region	% of Change Year-to-Date	May '88 Rank
1	Mountain	+18.3	1
2	W.N. Central	+15.4	3
3	Northeast	+13.0	2
4	Pacific	+ 3.5	6
5	S. Central	+ 1.9	5
6	E.N. Central	+ 1.0	4
7	S. Atlantic	− 4.6	7

Figure 4

RV TRAILERS

Region	Jan	Feb	Mar	Apr	May	Jun
Mountain		●	●		●	
Northeast	●			●		
W.N. Central						●

MOTORHOMES

Region	Jan	Feb	Mar	Apr	May	Jun
Mountain						●
Pacific			●			
S. Atlantic		●			●	
S. Central	●					
W.N. Central				●		

Figure 5

In looking over these sales performances, it is important to remember that the RV industry has faced a great number of negative influences this year, including rising interest rates and poor weather. Yet, despite all the negative factors, both RV trailers and motorhomes experienced a good year in the first half of 1988. The June year-to-date numbers indicate a healthy market. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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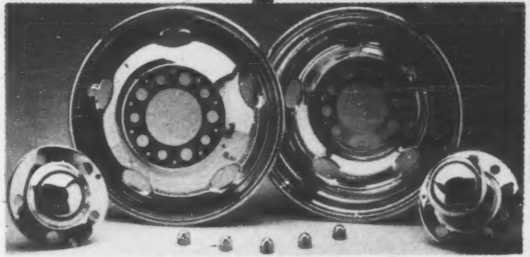

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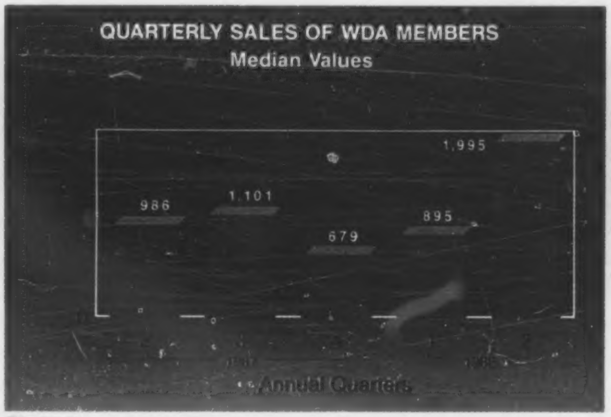

Figure 1

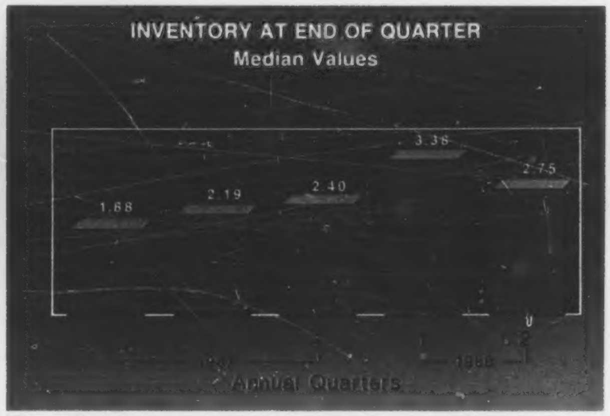

Figure 2

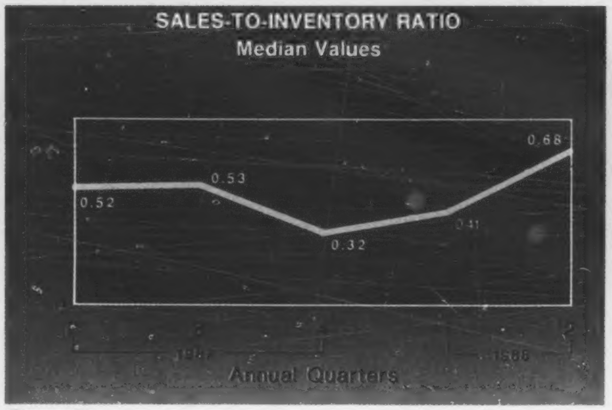

Figure 3

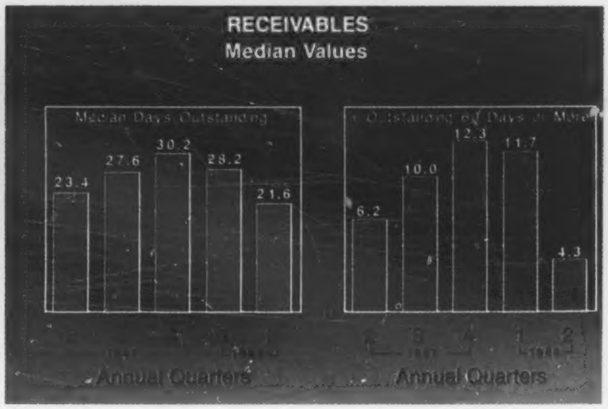

Figure 4

Members of the Warehouse Distributors Association (WDA) reported total sales of $70.8 million sales in the second quarter of 1988. This was an outstanding increase, despite the fact that there were two fewer firms reporting than in the first quarter of the year. And, compared with a year earlier, sales were still up by $15 million (nearly 27%), even though seven firms defected from the ranks of reporting companies.

The median firm in the industry had sales of nearly $2 million in the second quarter, up from under $1 million a year earlier. *(See Figure 1.)* The growth came primarily from firms with more than $2 million in annual sales, although some increase was found among firms in the small sales group.

The sales growth is seen most clearly when the 23 hard-core loyalists who reported in both the second quarters of 1987 and 1988 are considered (these firms are referred to as "continuing firms"). Total sales were up by 24.5% for the year, with the median value rising 28% from $1.6 million in the second quarter of 1987 to $2.1 million in the second quarter of 1988. Continuing U.S. firms were up 26% in total sales, while Canadian firms had only an 11% growth. (All Canadian data reported to WDA are translated by the latest exchange values for comparative purposes when included in the industry totals; when results are reported for Canadian firms alone, the values are in Canadian dollars and independent of the exchange rates.)

The WDA report is particularly valid because it differentiates between the firms that report each quarter and those with reporting practices that are less regular. Many other industry surveys that are widely publicized do not refer to the same group

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WDA AFTERMARKET *continued*

of firms and thereby tend to mislead by compositional changes. To report on an industry without considering the composition of the participants in the study is similar to seeing the American League composite batting averages fall for the week without taking into account that Wade Boggs and Kirby Puckett were injured and did not play. It does not mean that the pitchers got better that week.

Total inventories for continuing firms in the second quarter stood 20% higher than a year earlier. The median continuing firm had $2.8 million in inventories at the end of the second quarter. The industry median for all reporting firms was $2.7 million, down 18% from the first quarter but 46% higher than the second quarter of a year earlier. *(See Figure 2.)* Continuing U.S. firms raised inventories by 16%, while continuing Canadian firms saw a 22% increase in inventories.

Because the rise in sales exceeded the rise in inventories, the ratio of those factors also rose. *(See Figure 3.)* The median firm had a sales-to-inventory ratio of 0.68 for the second quarter compared with a 0.41 ratio in the first quarter of 1988 and 0.52 in the second quarter of a year ago. The improvement in this ratio was observed in firms of all sizes.

With the dramatic jump in sales, it was natural to observe a fall in the average days for receivables and the percent of receivables 60 days and older in the quarter. *(See Figure 4.)* There just wasn't enough time for accounts to "ripen" in the open file. Accounts in the files of U.S. firms tend to have slightly longer receivable lives. The differences by size of firm were negligible in the second quarter of 1988, but larger firms did tend to have slightly higher percentages of receivables that were 60 days or older.

All WDA aftermarket data are obtained from the confidential reports returned voluntarily by members' firms for tabulation by the Indiana Business Research Center at Indiana University. Each participating WDA member receives a private report in which that firm's record over the past five quarters is compared with industry averages. The survey is intended as an additional management tool for participating firms in the industry and as a general indicator to others interested in performance of the RV aftermarket. Δ

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